

OVERSEAS NEWS

Armenians cut earthquake toll estimate by half

By Our Moscow Correspondent

ARMENIAN officials suggested yesterday that the total number of casualties from the December 7 earthquake was closer to 25,000 than the 55,000 figure which Soviet Foreign Ministry officials have given at a series of press briefings.



Shevardnadze: testy response

Speaking with Moscow journalists through a satellite link up with Yerevan, the Armenian officials said they had dug 39,700 people out of the rubble as of December 28, and expected to find only "some one hundred" more bodies. Out of those 39,700, 15,000 had been dug out alive, leaving the total number of dead at nearly 25,000.

Mindful that Mr Gennadi Gerasimov, the Soviet Foreign Ministry Spokesman, was seated at a podium on the Moscow end of the hookup, Armenian officials refused to say that the Foreign Ministry had been giving out inaccurate figures, but under persistent questioning, they held to their 25,000 estimate.

Foreign Ministry officials had only sat in Moscow giving briefings in which officials cited "mythical" casualty figures, while other ministries helped rescue the dead. In an interview in the weekly Moscow News, Mr Eduard Shevardnadze, the Foreign Minister testily responded to the criticism, noting that "the conscience of our diplomats is clean" and adding "personally, I consider it below my dignity to publicly reprimand anyone."

Moscow tries to allay growing fears on prices

By Our Moscow Correspondent

IN AN effort to quell public concern over forthcoming price reform, a Soviet official announced yesterday that in 1989 retail prices on some consumer goods will fall.

In an interview with the newspaper "Argumenty i Fakti," Mr Ivan Gorbachev, deputy chairman of the State Committee on Prices criticised what he described as "rumours" that pricing reform planned in coming years would raise the cost of most retail goods. Instead, he announced an additional state subsidy to keep down the price of clothing and other consumer goods.

shelves and deteriorating food supplies has reached fever pitch. As shoppers crowd Moscow stores in an often vain search for meat, vodka and fresh vegetables to serve over the holidays, they are complaining that the situation has deteriorated to its worst level in recent memory.

Opinion about how to end the shortages is far from unanimous. As the latest announcement on falling prices was made the Government newspaper Izvestiya was calling for a more reform-minded solution. A Friday article called "This time, there's no soap" in its Wednesday edition attacked bureaucrats who the paper said had been unable to supply the capital with soap, toothpaste, toilet paper or cleaning detergents.

Brezhnev name erased

THE NAME of former Soviet leader Leonid Brezhnev is to be removed from all public buildings, including the houses in which he once lived, Eastern reports from Moscow.

names of Leonid Brezhnev and Konstantin Chernenko from all the names of factories, administrative regions, institutions of learning and organisations," Tass said. Memorial plaques were also to be removed from the two men's former homes.

Holland's telecoms agency rings in the New Year changes

Laura Raun explains why European eyes are on the Dutch programme to liberalise its telecommunications market

THE Netherlands' Post-Telegraph Telephone Agency will ring in the New Year with a bang. On January 1 PTT will become a private company whose shares are held by the state but will probably be floated.

is less clear about its intentions. "We have a new situation where customers by their own free will have to want us," explains Mr Wim Dik, who will become chairman of NV PTT on January 1. "If the customer is not pleased then we have to change."

Spanish trade deficit grows 52%

By Peter Bruce in Madrid

SPAIN'S November trade deficit was \$1.82bn, 52 per cent higher than November last year, the Government said yesterday, confirming predictions that the current account of the balance of payments will move back into deficit this year.

The November figures indicate a late quickening of the growth of the trade deficit, which had been held to an accumulated increase of 40.7 per cent by the end of September because of strong exports earlier in the year. The Bank of Spain, meanwhile, has warned that the \$3.5bn current account deficit expected this year is likely to more than double next year to \$7bn, or 2 per cent of gross domestic product.

W Germany to tighten export control laws

By David Marsh in Bonn

THE WEST German government, under pressure from the US administration and domestic opinion, is planning to toughen export control laws in the wake of a number of widely publicised allegations of illegal transfer abroad of militarily useful technology.

Proposals under consideration involve an increase in maximum jail sentences for contraventions to five years from three years, as well as wider definitions of an offence to make conviction easier.



Haussmann: bigger penalties

The suggestions partly reflect Washington's long-standing worries about the East bloc. Additionally, the government is under pressure from opposition parties and public opinion to bring fresh curbs on the nuclear sector to guard against proliferation of atomic weapons.

In the latest in a series of nuclear controversies, two companies in Hesse, Neue Technologie GmbH (NTG) and Physikalisches Technische Beratung (PTB), together with a concern in Baden-Württemberg called Gutekunst, are being investigated by public prosecutors.

East and West German nuclear deal attacked

By Leslie Collitt in Berlin

AN UNUSUAL nuclear research agreement between East and West Germany has been sharply criticised by an opposition party in West Berlin.

Berlin and Rosendorf will begin co-operating next February in the field of heavy ion accelerators.

The West Berlin institute has the second largest accelerator in West Germany, while the Rosendorf installation is Soviet-built. Both include American components. The Alternative List (Green party) in West Berlin claimed that only a "small step" separated the planned research project from military research.

He claimed that the research project was as close to the military as "boot making." Mr Robertson said that while the project involved basic research there were applications in biology and microelectronics.

Denmark considers plan to reduce wages by 10%

By Hilary Barnes in Copenhagen

DENMARK'S minority non-Socialist government may call on the trade unions and the employers to agree to a 10 per cent wage cut as part of a shock cure for the country's chronic balance of payments and unemployment problems, the Copenhagen business daily, Boersen, reported yesterday.

of payments account has been in deficit for 25 consecutive years, leading to a net foreign debt of about Dkr270bn some 40 per cent of Gross Domestic Product. Interest on the debt is costing about Dkr30bn a year, or about 4 per cent of GDP and over 13 per cent of export income.

The newspaper said the plan to cut wages is one of the ideas the government is considering for presentation to the labour market partners at a tripartite meeting on January 6.

Tough fiscal measures in 1986 have reduced the deficit this year but at the cost of two years with no increase in production and the prospect of a third year with little growth in 1989.

Mikulic may turn to emergency measures

By Judy Dempsey in Vienna

YUGOSLAVIA'S Prime Minister, Mr Branko Mikulic, already facing pressure to resign, may be forced to introduce emergency economic measures if he fails to push through two radical reform laws today.

overhaul of an economy in which inflation is running at 230 per cent a year and whose external debt already exceeds \$90bn.

A package of economic reforms, including important enterprise legislation and a foreign investment law both designed to introduce a more market-oriented approach to the economy, were supposed to have been passed by the Federal Assembly this week.

At the root of the problem is what role the federal government should play. At a central committee plenum last October, it was decided to separate party and state functions with the aim of giving the federal government greater powers and freedom to run the economy.

"Everybody wants economic reforms, but they don't want to lose their own powers nor do they want to give Mikulic and the federal government greater authority," a Yugoslav economist commented.

peppered with criticism of Mr Mikulic's apparent inability to stem inflation and halt the decline in living standards.

But observers in Belgrade now suggest that the republics, which in the past retained a wide measure of autonomy on economic matters, will oppose the new reform measures precisely because they will strengthen the hand of the federal government at the expense of interests on the local level.

He can introduce a temporary budget, finance through sales taxes. In addition, Mr Mikulic can introduce "intervention" economic measures in order to get the reforms off the ground.

Genscher move on US claim over Libyans

By Hans-Dietrich Genscher

MR Hans-Dietrich Genscher, the West German Foreign Minister, called his Italian counterpart, Mr Giulio Andreotti, this week to discuss a claim that Libya has built a chemical weapons plant, AP reports from Bonn.

"Both ministers expressed great concern over reports that Libya has a chemical weapons plant," Mr Hanns Schumacher, a West German foreign ministry spokesman, said yesterday. He said that Mr Genscher telephoned Mr Andreotti on Wednesday in Algeria, where the Italian minister was on an official visit.

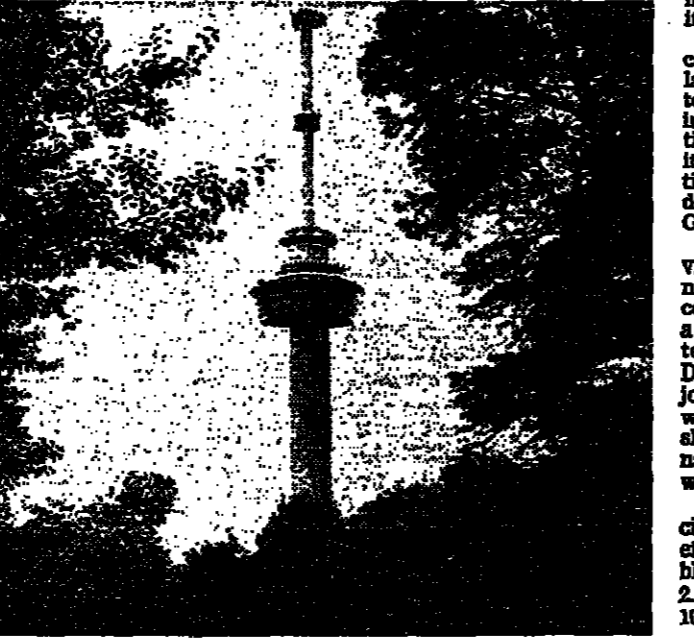
Canada tightens immigration rules

THE Federal government will speed up its immigration screening process but will not grant an amnesty or relax the rules to clear a backlog of 85,000 people claiming to be refugees, reports Robert Gibbons from Montreal.

It will mean that many thousands of the refugee claimants will be expelled from Canada over the next few years. Unofficial government documents have estimated as many as 28,000 could be expelled.

Argentina's power supply worsens

MR Pablo Carrvelli, president of Argentina's state-owned electricity company, SEGEA, has warned that the country is on the brink of a total black-out, reports Janette Staubs in Buenos Aires. His statement follows the shut-down of the Embalse nuclear power station. According to official statistics, the power supply is now operating at 80 per cent below normal capacity.



The Euromast telecommunications tower in Rotterdam

communications, though he insists it is among the leaders. "The liberalisation of the telecommunications network is lagging - even telephone calls to PTT headquarters go dead in mid conversation. Introduction of Integrated Services Digital Network, the next generation of infrastructure, has been delayed while France and West Germany forge ahead.

But the Netherlands will provide a home for an ambitious new project that some say could serve as a forerunner of a European post, telegraph and telephone agency. Managed Data Network Services is joint venture of 22 agencies which will provide one-stop shopping for setting up international communications networks.

Several herculean tasks face Mr Dik. One is to maintain quality so the Netherlands remains competitive in the gaming common market while at the same time lifting profits. He admits the Netherlands is not Europe's leader in telecom-

Telecommunications management will be organised in a matrix of business areas and telephone districts, introducing the concept of dual responsibility to managers accustomed to the pyramidal power structure of a government agency.

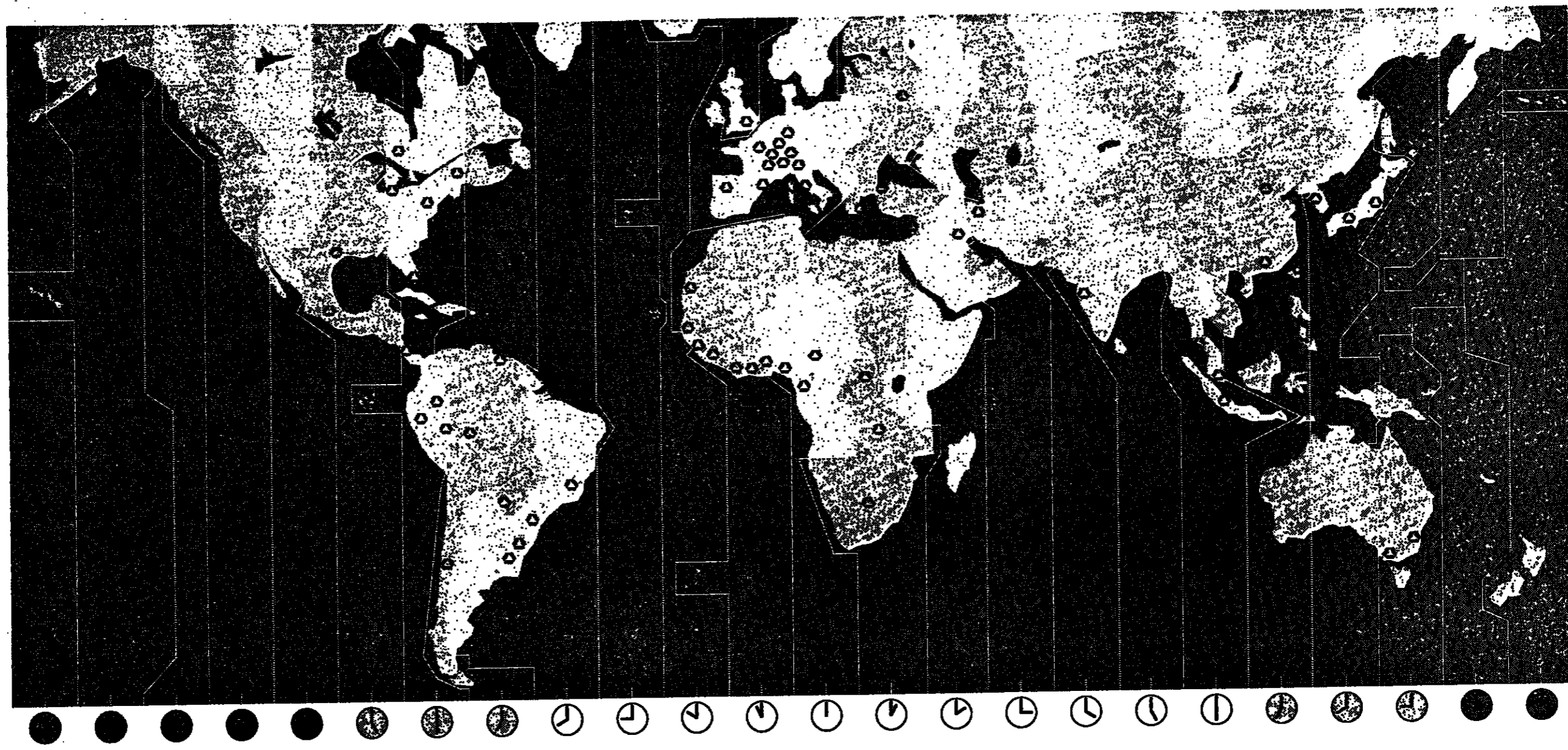
ish Telecom privatisation: "I hesitate to say that profits come second but quality is number one, certainly in the initial period," he acknowledges.

Marketing was never a worry when PTT had a captive audience. In the past it spent most of its resources on developing technologically sound products but now it must sell them as well.

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UK NEWS

Kinnock should be 'more tolerant over criticism'

By Ivor Owen, Parliamentary Correspondent
LABOUR cannot afford any more internal squabbles and Mr Neil Kinnock, the party leader, must be more tolerant in responding to criticism, says Mr Bryan Gould, the shadow Trade and Industry Secretary.



Bryan Gould: 1989 'can be watershed year' for Labour

Energy Efficiency Office budget to be cut to £15m

By Max Wilkinson, Resources Editor
THE budget for the Government's Energy Efficiency Office for this financial year will be almost halved, to £15m, it was disclosed yesterday.

Lloyd's syndicate to benefit from US verdict

By Nick Bunker
MEMBERS of the Richard Outwaite insurance syndicate at Lloyd's of London could benefit by at least £10m (£9m) from last week's verdict in the Rocky Mountain Arsenal pollution insurance trial in the US, it emerged yesterday.

Freeports fail to see their ships come in

Richard Tomkins on why Britain's free trade zones have been a big disappointment

BRITAIN'S experiment with freeports - launched by the Government four years ago with the aim of creating businesses and jobs - seems destined to be labelled a flop.



Sir Geoffrey Howe: budget speech introduced freeports

also reduced, no duties are paid on goods wasted or spoiled, and there may be freedom from local taxes and regulations.

The Government maintains that people allowed their expectations of freeports to run away with them.

Press Council reform sought

By Raymond Snoddy
MR LOUIS Blom-Cooper, chairman elect of the Press Council, wants a radical reorganisation of the council, including a new constitution.

Entrepreneurs 'rarely make use of previous experience'

By Vanessa Houlder
BRITISH entrepreneurs rarely exploit market knowledge gained from their previous employers in their new US ventures, according to a survey published this week.

Newspaper extends cash deadline

By Raymond Snoddy
THE Sunday Newspaper Publishing Company yesterday extended for the second time the deadline for raising the £18.5m it needs to launch the Sunday Correspondent.

Fabrics business sold for £8m in buy-out deal

By Alice Rawsthorn
A MANAGEMENT team has bought out the fabrics business owned by the Oakwood Group through its merger with CoxMoore this summer.

Hambros to contest Norwegian lawsuit

By David Lascelles, Banking Editor
HAMBROS, the City merchant banking group, intends to contest a lawsuit against it by the Norwegian state-owned Export Credit in connection with the collapse of a shipping empire controlled by Mr Hilmar Reksten.

Willis fears for economy

BRITAIN'S prospects were worse than for any "stop" period in the stop-go era, Mr Norman Willis, general secretary of the Trades Union Congress, said yesterday.

Relaxation of curbs on charities urged

By Alan Pike, Social Affairs Correspondent
THE GOVERNMENT is coming under pressure to relax the legal controls restraining the investment powers of British charities.

Table with columns: High/Low, Company, Price, Change, Div, Yield, P/E. Includes entries for 293 126, 293 126, 293 126, etc.

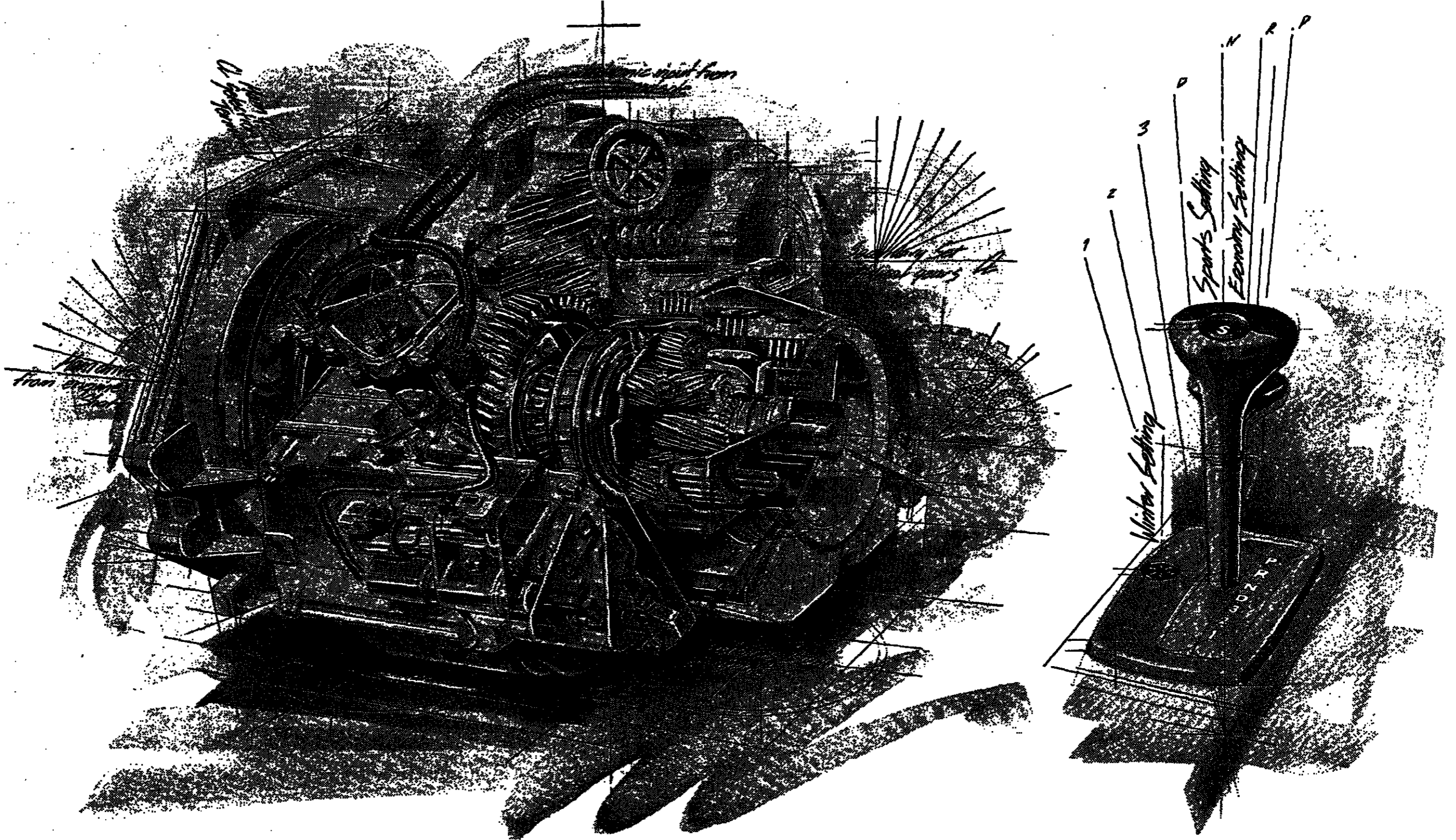
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MANAGEMENT

Insurance

Why Generali shuns hostility

Alan Friedman explains the Italian group's expansion strategy in advance of 1992

Franz Kafka used to work for Assicurazioni Generali. Indeed the Czech writer penned most of Metamorphosis while an employee of the Trieste-based insurer, labouring by day as a lowly clerk in the group's Prague offices and scribbling furiously (about a clerk who turned into a cockroach) by night.

At home

Enrico Randone, the 77-year-old chairman and principal managing director of Generali, seems right at home in the 18th century milieu. A highly reserved insurance man of the old school, the chain-smoking Randone has spent 51 years at Generali. Along with his old friend (and influential Generali shareholder) Enrico Cuccia, the 80-year-old eminence grise of Mediobanca, the Milan merchant bank, Randone symbolises a certain attachment to the old ways of doing business.



Enrico Randone: The aggressive takeover "is not in the Generali style"

be closer to 5 per cent.

But Generali has no immediate acquisition plans in West Germany, nor does it see any prospects in the UK. And Spain, says Eugenio Coppola di Canzano, who along with Randone and Alfonso Desiata is part of Generali's ruling triumvirate of managing directors, has seen too many takeovers at too high prices.

Coppola stresses, however, that with its network of companies in EC countries as well as Switzerland and Austria, Generali is already the most European insurance company.

Italy, which in 1988 is expected to have represented 51 per cent of Generali's group premium income (or £5,500bn worth), is meanwhile a key priority. And the past few years have seen Italy's life market grow substantially as high-saving Italians have been persuaded that life insurance is worth having.

The attractiveness of the Italian insurance sector has already seen a series of takeovers in recent years so that the second biggest insurer - RAS - is now owned by Allianz Versicherung of West Germany and the fourth biggest company - SAI - is controlled by Italian financier Salvatore Agresti.

both it may seem an obvious distinction, but to date few Italian insurers have distinguished between different market segments.

Slim pickings

All of this means that there are slim pickings for foreign investors wishing to buy into the Italian insurance market. Despite the growth of the market, however, its cost structure could place the Italians at a disadvantage in the 1990s when European competition gets tougher.

The problem, Randone explains, is that the structure of commissions, the cost of agents and the overheads involved in managing "a super-tanker such as Generali" mean that streamlining is required.

Commercial reality versus government influence

Nicholas Woodworth reports on the difficulties facing the management of Indeco, Zambia's monopoly supplier

For most of Africa, a quarter of a century's experience of state-managed economies has led to a search for happier formulas for achieving national prosperity. Even in such formerly rigidly controlled economies as Tanzania's, privatisation, structural adjustment, and the commercialisation of production are leading to the gradual dismantling of unwieldy and inefficient state enterprises.

In one corner of the continent, however, these new approaches to the problems of low productivity and capital generation have been rejected. The southern African country of Zambia, despite deepening economic crisis and the failure of the state to provide basic consumer minimums, has chosen to reinforce its system of parastatal production.

The recent upgrading of management techniques in the publicly-owned system has had a limited positive effect. But it has also highlighted unresolvable contradictions between Zambian political expedience, which encourages parastatal operation, and economic reality, which inhibits it.

Indeco now has no choice but to run its operations on a commercial basis. Yet government policy makes this extremely difficult. The one-party state of President Kenneth Kaunda has long used heavy subsidies on consumer goods as a means of purchasing stability and support. Fear of political consequences has led it to rule out the price increases that would allow Indeco to operate efficiently.

oil are all sold near or below cost price. Most Indeco items are permitted a mark-up of less than 10 per cent over production cost, giving a profit that barely allows reinvestment in raw materials, much less plant or capital equipment.

The policy of minimum prices is largely self-defeating. So cheap are Indeco products in comparison with goods available in neighbouring countries that up to 20 per cent of production is smuggled out. Price distortions have a significant effect domestically as well. Without adequate profits, production procedures are often held up, resulting in shortages.

Profiteering and panic buying ensues, with available stocks being sold on the black market for up to four times the official price. Thus consumers end up paying high prices despite government policy, while illegal middle men pocket the profits.

Without the option of significant price increases, Indeco has had to take drastic management measures in order to survive. No longer can it afford, in the words of one company executive, to be "the inefficient, monopolistic, loss-making giant" it was in the 1970s.

Expertise

Previously neglected problems of poor cost control, inadequate accounting systems, overmanning, lack of production planning, insufficient market forecasting, poor plant maintenance, and lack of worker expertise and motivation have all assumed critical importance.

Management reforms, according to Graham Turvey, Indeco marketing manager, have been responsible for marked improvement in recent company operation. In the 1988 financial year, Indeco made a pre-tax profit of 403m kwacha (223.4m), up 80 per cent over the previous year's surplus.

Technology

A speedy route to the direct line

Della Bradshaw looks at the advantages to companies of installing optical fibre cable

Fibre takes up less space in the cable ducts than its copper counterpart and can also be used to give a wider range of services. Its very modernity adds to its reliability and quality is improved because it is digital.

For James Capel, the higher reliability of optical fibre has been one of the main advantages of Fas. People tend to think data is more important than voice communications because it involves computers, says Brian Stacey, manager of operations and communications at James Capel.

Systematic installation of optical fibres in the long-distance telephone network has been going on in Europe, Japan and the US since the early 1980s. But the cost of optical fibre systems has only recently fallen far enough for telephone companies to justify installing them in the local network.

need for the established telephone companies to provide more efficient communications. Ian Dufour, manager of access network evaluation at British Telecom (BT), acknowledges that the introduction of an all-fibre core and local network by its rival Mercury Communications spurred BT into a more rapid installation of optical fibre in order to retain its blue chip customers.

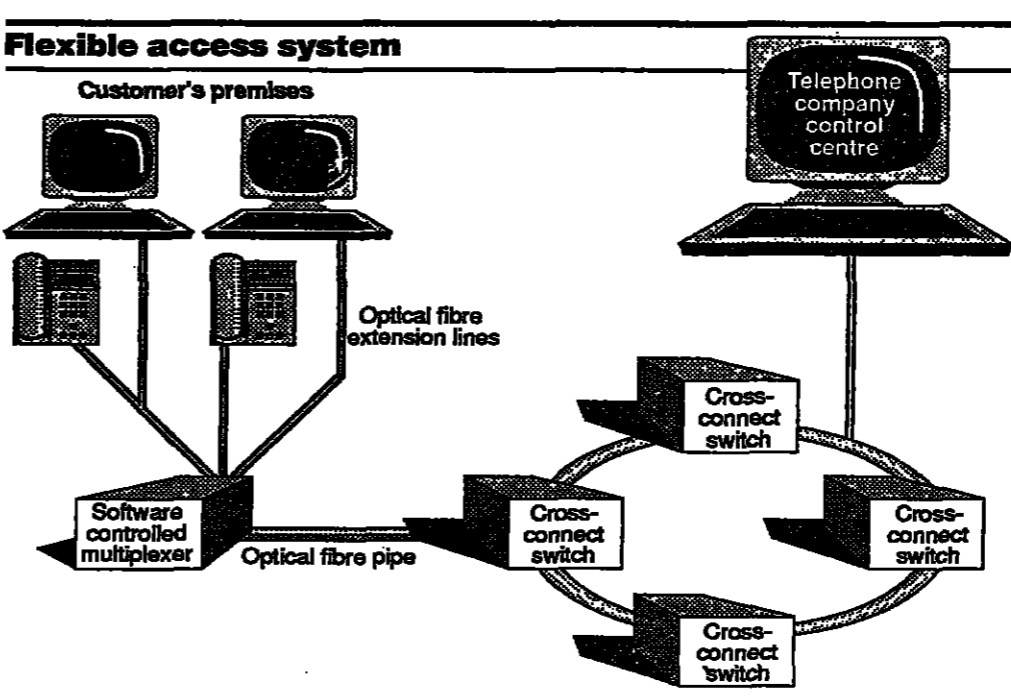
Other applications are also being developed to exploit Fas technology. As the configuration of the network can be changed through the software, so the use of the telephone lines can be changed on a daily, weekly or monthly basis.

For example, a company using 30 voice lines during the day could change them to transmit video pictures at night for a remote video security system. A group of lines normally used for ordinary telephone calls could be merged on a one-off basis to act as a video-conferencing system, transmitting voice and live pictures. (High quality video-conferencing pictures usually need a bandwidth of 2 Mbits per second - the equivalent of 30 ordinary telephone lines.)

In the US, the telephone companies are selling Fas customers the software and equipment so that they can reprogramme the distribution of their lines themselves. In the UK, however, BT is carrying out the adaptations from its own network management centre.

The idea of programmable transmission systems such as Fas began in the US, where AT&T introduced a copper-based system in 1975. AT&T is still one of the world's leading manufacturers of Fas systems. As well as selling systems to American telephone companies, it has also won an order from France Telecom for a leased line Fas system, called Transmic, which will be in service by the end of the decade.

Two Scandinavian firms, Ericsson and Nokia, have similar systems. Ericsson is installing a leased line Fas system for Televerket, the Swedish telecom authority, for service in the early 1990s. British companies STC and Plessey Telecommunications (PTE) have supplied the Fas system for the BT network. Siemens in West Germany is also selling the STC system and will install it for the Dutch telephone company.



customers using the service in the City by the end of next year. In addition, there will be new customers in the Docklands area of London, where BT is planning to open a service during 1989. In the Docklands, customers will be able to use the service for ordinary telephone calls as well as for leased line calls. The City and Docklands installations have cost £70m.

BT has also announced plans for a £200m extension programme to introduce the service to other important business centres, beginning with Birmingham, Manchester and Edinburgh. By the mid 1990s, about 10 per cent of all BT's exchange lines - at least 2.6m lines - will be using optical fibres rather than copper cables for their telephone services.

Dufour believes that by that time, the service will be so widespread, companies will use the leased line optical fibre pipes as the backbone of their private telecommunications networks. Although the emphasis so far has been on large businesses, Peter Radley, technical director of STC Telecommunications, sees advantages in Fas for the small business customer. "Fas can be very useful in a multi-tenanted office, where different companies need different services and where there is a rapid turnover of tenants. What is a solicitor's office today could be an accountant's office tomorrow, but with Fas the service given to that business can be changed quite easily through the software - without lots of men scurrying around the country in little yellow vans."

Natural gas source beneath the sea

By Thomas Land

VAST quantities of natural gas trapped beneath the sea and the Arctic may soon be unlocked to provide new energy sources.

Techniques for the recovery of gas hydrate reserves are being developed by the National Research Council (NRC) of Canada.

Enormous pressures and low temperatures at the bottom of the sea shape water and gas molecules into gas hydrates, according to a discussion paper published by the NRC. The water molecules bond together in a network of spherical cages that trap neighbouring gas molecules, such as methane, formed from organic sediment deposited over millions of years.

The Canadian scientists suggest that the hydrates may contain fossil fuel reserves for several hundred years. They also reckon that the heat needed to release the gas is little more than that needed to melt ice.

For example, at 20 deg C the surface would melt the hydrate if it can be pumped down into the hydrated zone. The gas might then be collected by some umbrella arrangement and piped or shipped to market.

Some research workers blame the recurring, unexplained disappearance of vessels in places like the Bermuda Triangle on natural blow-outs of gas from beneath the sea. They believe that the hydrate zones act as impermeable barriers to underlying gas fields that accumulate where temperatures are too high for the formation of gas hydrates.

Psion adds communications card to its pack

Psion, the UK-based microelectronics company which has agreed to pay an initial £4.5m for the privately owned communications company, Dacom, is on a course which should give it a leading position among Britain's tiny band of successful personal computer manufacturers.

Best known for its Organiser, a hand-held computer which sells in the High Street as an electronic PDA and to corporations for various applications, Psion's expertise lies in microelectronic circuitry and micro-computer software. The acquisition of Dacom gives it access to a broad range of data communications skills.

Such skills have become much in demand as businesses move towards decentralised and distributed data processing, concepts which demand that computing power is dispersed throughout a company but organised into networks.

An essential element of such systems is the modem, which converts computer language into signals for transmission down a telephone line. Dacom has developed sophisticated modems and counts Toshiba of Japan, Zenith Data Systems of the

US and Apricot Computers of the UK among its customers. Psion turned over £11.8m last year and is likely to turn over about £20m in 1989 according to estimates from Chase Manhattan Equities. Dacom, founded in 1981, has revenues of £4.6m for 1988. The combined group should turn over more than £20m in 1989, unless there is a downturn in the market for portable computers or data communications systems.

Psion makes games and business software, but the chief source of its profitability is the Organiser, now being produced at the rate of 20,000 a month. About half its production goes overseas, according to founder and chairman David Potter, chiefly to Europe but also to the US where sales are just becoming profitable after an uneven start.

Next year it intends to launch a range of products which will exploit the company's ability to make the most of limited technical resources - the Organiser, for example, uses ordinary batteries for tasks which usually need expensive high powered units. It employs ingenious software techniques to cram information into memory chips.

Its most important product launch will be of a portable, or lap-top, computer able to run for weeks on a single battery charge. It is expected that Dacom modems will enable the portables to be built into corporate data networks.

The Organiser is already extensively used in the retail sector for stocktaking and price references, but it is finding increasing favour in health and finance. National Westminster Bank, for example, has bought more than 1,000 of the devices to help calculate loan quotes and foreign exchange deals.

Psion's niche market is, however, already under threat from Sharp of Japan which has introduced a version of the Organiser. Potter argues that Sharp aims its product wholly at the retail sector, whereas Psion also sells to corporations. He hopes that the Sharp computer will broaden the market, rather than hurting Psion's sales.

By Alan Cane

ARTS

Screen scene still springs surprises

Nigel Andrews reviews the cinema world in 1988 and picks his personal favourites

It is 100 years since the invention of the movie camera. It is 75 years since the first Hollywood feature film (Cecil B De Mille's The Squaw Man, 1913). It is 50 years, come Sunday, since the start of the greatest twelve-month in film entertainment history: 1938, year of Gone With The Wind, The Wizard Of Oz and a dozen glittering others. And it is 25 years since the cinema introduced us to Cinemascope and began its historic and continuing feud between big screen and small.

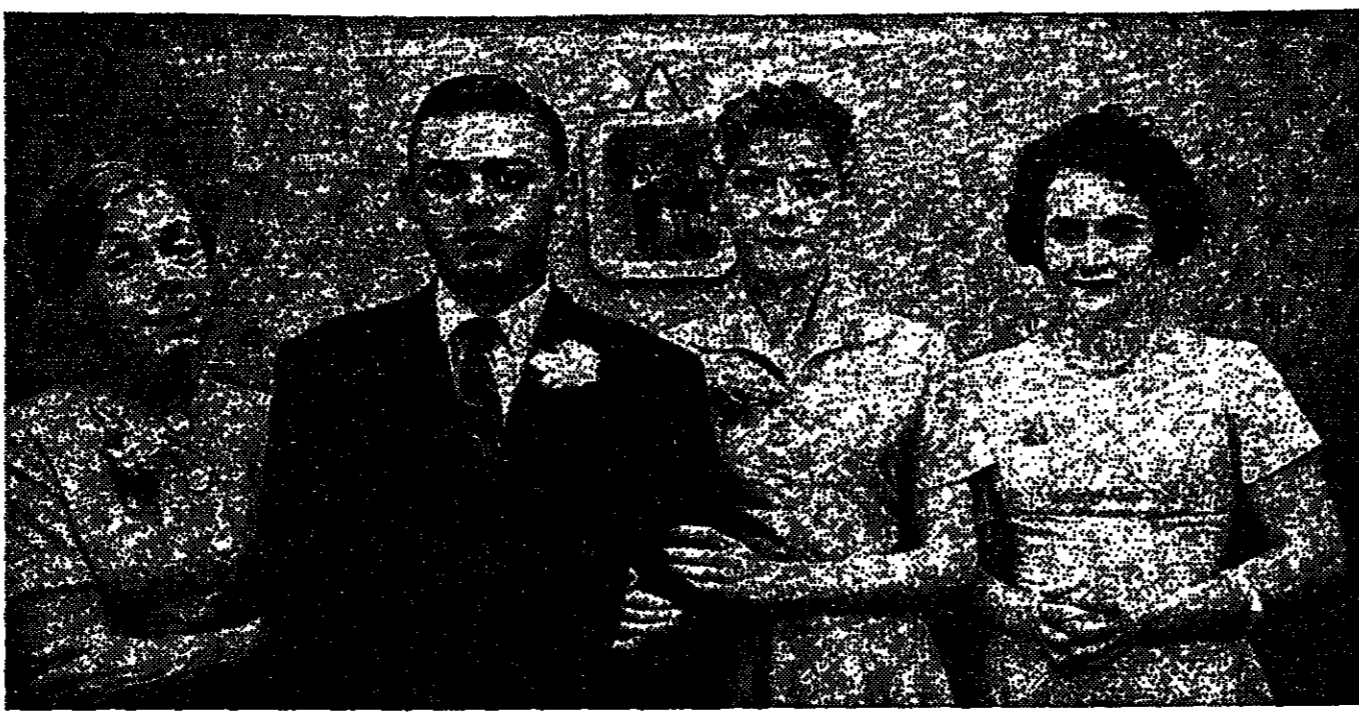
And still the movies march on. Surprise is the key. The year 1988 proved what film-lovers have known since the birth of film, that primeval dawn in which long sprouted-headed creatures first wriggled forth from the slime of history: nothing will kill cinema while it stays young and retains its power to ambush and surprise. Despite the cynicism of cinephobes and the doom prophesies of Wardour Street south-sayers, the movies remain the sprightliest 100-year-old on the block.

Just when you thought it was safe to write off the industry, it has bounced back with four successive years of rising attendances. (This year's UK admissions have gone up yet again by a couple of percentage points). And just when you thought that the art of film had become an elephants' graveyard, in which nothing new could match the moulder-remains of great old pachyderms (Kans, Potemkin, Napoleon), the hour brings forth the masterwork and the magnum opus.

I believe that Terence Davies's Distant Voices, Still Lives, a spellbinding blend of autobiography and imagination, will have a place among the immortals. And who could complain of parochialism or narrow horizons in a year when Hollywood bestowed its top Oscars on a British-produced historical epic directed by an Italian in China's Forbidden City? Film: The Last Emperor.

Amid the genius and the giantism, 1988 was also an amazing year for comedy. More amazing than how much we laughed was what we laughed at. We laughed at a surreal essay on food and sex from Japan (Juzo Itami's Tampopo). We laughed at a tale of three wives drawing three husbands (Peter Greenaway's Drowning By Numbers). We chuckled at a razor-keen expose of the cut-throat world of television (James L. Brooks's Broadcast News). We guffawed at John Cleese and Kevin Kline caught in the Laocoon plot coils of A Fish Called Wanda. And we giggled at two black-budget comedies of family manners from North America. Atom Egoyan's Family Viewing from Canada and Ross McElwee's Sherman's March from the US both shredded conventional narrative to produce pillboxed, semi-piloted tales based on a comedy of reaction and banishment.

These two films took over the cinema of free-floating anxiety, western world division, from Woody Allen. Allen himself left to join the Ingmar Bergman School for the Incubably Serious. Here he made his first-year student film, September, which for sheer enjoyment equalled a blow on the back of the head with the complete works of Wittgenstein. Some critics, though, believe that this film was a practical joke and that Allen is now laughing all the way to the tax write-off department.



Top, Distant Voices, Still Lives, directed by Terence Davies and destined to become a classic. Above, sex and sushi in the Japanese comedy Tampopo, by Juzo Itami. Right, Jamie Lee Curtis gets to grips with John Cleese in A Fish Called Wanda

There were other films which, though eagerly awaited, smartly wiped the smiles off our faces. Jean-Luc Godard's King Lear had Shakespeare spinning so fast in his grave that it was rumoured the dead Bard had opened up a new coal-face under Stratford's Trinity Church. Sammy and Rosie Get Laid, from the Frears-Kureishi team which brought us My Beautiful Laundrette, was two hours of campy, radical cheek. And Clint Eastwood's Bird brought to mind the famous Shelley poem - "Bird thou never wert" - as it deposited Charlie Parker in the intensive bio-pic ward. Here famous artists are subjected to light-deprivation and audiences to joy and laughter deprivation.

The end of the year is also a time when arts page editors demand a word or two about "trends". Despite assuring your editor that trends are things one can usually detect only 20 to 100 years after the event, the critic gamely sets his trend-detector in motion. If I were a film scholar looking back from the year 2100, I might see the most notable ruck contributed by 1988 to the carpet of film history as the concern with innocence. The "baby boom" movies of 1987 have been followed this year by films tinkering with age-exchange (Big, Vice Versa, Like Father Like Son), with family growing pains (Distant Voices, Still Lives, A World Apart) and with child's-eye views of history (Empire Of The Sun, The Last Emperor). We even had an attempt, in the year's hot potato, Scorsese's The Last Temptation Of Christ,

to re-cast the story of Christ by replacing what the film-maker deemed "false" innocence (that of a fortified and infallible holiness) with "real" innocence (that of a vulnerable and searching humanity). The roots of this fascination are puzzling and intriguing. Parochially, the US has perhaps been enjoying its last year as a fool's paradise, or fools' kindergarten, under that lovable old poppa, R. Reagan. On a more global level, the concern with innocence is



colonial impulse into a bubbling vat of black comedy and waits to see what casserole results. (Very tasty and rumbustious, I thought, though many did not). And even a movie such as Good Morning Vietnam sets out to re-examine the rules of friend and foe, "colonial" and "colonised" in an American war the wounds of which are now healed enough to allow a little comedy. In a world fast-shrinking as communications grow and continents shake hands across oceans, the most important problem facing the cinema in 1988 and the 1990s will be how to "de-nationalise" itself. How to make the spreading language of moving pictures, beamed out at us today not just from the big screen but from video, cable and satellite, ever more communicative, ever more global.

The too easy temptation, especially in Europe, is to opt for the co-production: to create those ghostly disembodied works, full of dubbed actors and polyfills dialogue, that resemble TV mini-series scripted in Esperanto. Far better to learn from America's new trend for giving different races and ethnic minorities a strong cinematic voice (see the

growing Hispanic voice in films like The Milagro Beanfield War, Colors and Stand And Deliver) and to realise that different cultures are to be cherished, not sacrificed to a homogenising cinematic muck. This year, unexpected countries across the world have raised their hands from the back of the class and asked to be noticed: Souleymane Cisse's luminous Yeelen from Mali, Gabriel Axel's delicate Bobette's Feast from Denmark, Czech animator Jan Svankmajer's funny-macabre version of Lewis Carroll's Alice, Pedro Almodovar's gaily seditious Law Of Desire from Spain and Hou Hsiao-Hsien's majestic The Time To Live And The Time To Die from Taiwan. If you see any of these titles on a marquee near you in 1989, rush straight into the cinema. Meanwhile, Hollywood the entertainment factory has continued to throb and hum. What filmgoer could fail to find something to like in one or all of the following: Moonstruck, Fatal Attraction, Someone To Watch Over Me, Big, Who Framed Roger Rabbit. All told, 1988 is gone but not forgotten. Long live 1989 and may it prove as worth remembering.

Music: FT critics assess the year

Planning leads to a series of successes

Bartok, Beethoven and Berlioz, Britwistle, Haydn and Mendelssohn, Messiaen, Reich and Schoenberg and Schubert, not forgetting Shostakovich; anyone who has attended orchestral concerts in London this year without encountering at least one of those composers has chosen very carefully indeed. Thematic planning has ruled unwaveringly, and though there is no doubt that the South Bank Board's rod of iron has renovated the orchestra's programming in its concert halls to a significant extent - compare the variety and quality in 1988 to, say, 1985 and 1986 - the autumn has been suffocated in series.

The successful events, in the second half of the year at least, have been the complete Shostakovich symphonies which have been shared by Ashkenazy and the RPO and Rostropovich and the LSO, and Georg Solti's short Bartok season with the LPO. The former provided the opportunity to hear those works in the canon that seldom reach the concert hall, and it was astonishing to see capacity audiences at the Festival Hall and the Barbican for both the popular symphonies and rarities such as the Third and Eleventh. Solti's celebration of his compatriot made no pretence of comprehensive pastoralism, but it did bring conducting and playing of singular electricity - one remembers especially the First Piano Concerto with Zoltan Kocsis and Bluebeard's Castle with Aage Haugland and Klara Takacs.

The South Bank's Schoenberg tribute, "The Reluctant Revolutionary," arrived with earnestness stamped all over it. It was in the end just too diffuse - too many disparate events had to be brought under its umbrella over too long a period, and the fierce crusading zeal that characterised some of the shorter series could not be sustained. In its early days, though, it did produce a vivid concert performance of Moses and Aaron conducted by John Fritchard, in which genuine theatricality was generated most convincingly, no mean achievement in this work.

The Proms also sported a theme, but one - literature - broad enough to allow the spread of programming that such a substantial run of concerts requires. Certainly it gen-



Georg Solti: a brave if brief Bartok season with the LPO

erated its fair share of highlights - the semi-staging of Debussy's Pelléas et Mélisande conducted by John Eliot Gardiner with a cast led by Diana Montague and Francois Le Roux; Mahler's Das Lied von der Erde conducted by Kurt Sanderling with the BBC Philharmonic, and Bernstein's Songfest, exuberantly conducted by the composer.

Among the new works at the Proms three stood out. The jaggedly obsessive Choeurs-de-frise by the Irish composer Gerald Barry at last brought his highly distinctive music to a wider audience, while Trevor Wishart's Vor VI completed a cycle of pieces for the extended vocal techniques of Electric Phoenix with an exuberant celebration of rock and rap styles. Michael Finnis's Red Earth proved to be a subdued, somewhat forbidding orchestral evocation of the Australian landscape, in which his familiar spiderish polyphony seemed to be mining a new expressive vein.

In the rest of the year memorable new music seemed rare. The Buddenbrook Festival in its tenth year celebrated Stockhausen's 60th birthday with a visit from the composer's own performing troupe and organised the first British performance of his "park music" Sierckwang, domesticated in a sports hall in deference to the Yorkshire November weather. One of the London Sinfonietta's "Resonance" weekends brought the British premiere of

Heinz Holliger's Scardanelli Circle, built around Holderlin's life and poetry - thin enough to suggest that as a composer Holliger has latterly lost his way. Undoubtedly the most exciting introductions have come from the Dame Poul Ruders, whose substantial output is gradually being heard here. The highpoint was the first performance here of his large-scale orchestral work Manhattan Abstractions, unapologetically energetic and clean cut - no new-music novelty this year has been more thrilling.

The old-music revelation was the Early Music Project's "Berlioz Experience," a weekend-long focus upon period-instrument performances of a composer previously considered outside the gambit of the authenticity movement. The performances of the Symphonie fantastique and Romeo et Juliette conducted by Roger Norrington with forces scaled to those of Berlioz's time only increased respect for his aural imagination; certainly both works emerged with greater presence and textual precision than in any modernised account.

If such experiments extend the boundaries of authenticity, in what remains the core repertoire period-instrument orchestras prospered as never before. Though the cross-over of instrumentalists between the London-based groups often suggested the same core of players appearing under a variety of labels, the Orchestra of the Age of Enlightenment proved the most versatile of these manifestations in music ranging from Bach to Mendelssohn and Weber, while John Eliot Gardiner conducted an immaculately sung and played account of the St Matthew Passion with the English Baroque Soloists.

But it was left to an overdue return visit from the Amsterdam-based Orchestra of the 18th Century under Frans Bruggen to define the current state of the art for period orchestras, combining transcendent virtuosity with absolute musical sense. Bruggen's view of Beethoven's Seventh Symphony, delivered at a cracking pace and bursting with dramatic tension, will remain in the memory for a long time.

Andrew Clements

I heard too little new music this year, but a few pieces stand out in the memory. A Lontano concert in January introduced a lovely French soprano, Edwige Bourdy, with three strings in the Quatuor II of Betsy Jolas, whose previous status as a Boulez protégée is now obsolete: the assured original subtleties of her vocal writing make her forthcoming opera a delectable prospect (adventurous companies please note). In February Jo Kondo's Resonance for the London Sinfonietta suggested an exciting potential too.

In March, Rozhdественsky conducted the BBC Symphony in Sofia Gubaidulina's 1986 Symphony "Stimmen... verstummen..." which like most of her best work seems to rediscover music through returning to its simplest elements. At a St John's BBC lunchtime concert György Pauk and Ralf Gothofred introduced one of Lutoslawski's most recent virtuosic constructions, his gleaming Partita for violin and piano; and in April

Heinrich Schiff and Roger Vignoles did as much for his cello-and-piano Cruise in six characteristically dense and cleverly triplets by György Urbán, who deserves following up. In another concert Gidon Kremer, supported by Nagano and the LSO, made the most of the passionate ambiguities of Schnittke's Fourth Violin Concerto.

During the Almeida Festival (June/July) Schnittke's Russian Orthodox vein - a crucial factor in his musical makeup - was exposed in his 1976 Der Sonnengesang and his recent Concerto for choral by James Wood's New London group. As usual, the Almeida offered extra-curious works in the medium. From this year's Proms I remember Bruckner's Fourth Symphony as superbly laid out by Skrowaczewski and his revitalised Halle Orchestra - which is not to suggest that Zubin Mehta and the New York Philharmonic did anything less than beautiful justice to that work at the Barbican a couple of weeks earlier. On their heels came Michael Tilson Thomas and the London Symphony (their official first appearance together, as the American conductor took up his new LSO contract) with a Mahler Ninth of keen penetration and expertise.

The mini-festival, or series

of "theme" concerts, has proliferated. Presumably it sells more tickets, or is meant to; from the interested consumer's point of view, it has the virtues of bringing specialist interpreters for special music, and of providing reasons for programming works that never figure in the ordinary repertoire. Without the South Bank's Schoenberg festival the Arditti might still have decided to give us their splendid conspectus of his quartets, but we might not have had the inspired BBC/Dobnanyi reconstruction of his Jachet's Lullaby for the Wigmore, not to mention the LPO/Solti Bartok series, the extraordinary Cantata Profana. Two new octogenarians were honoured in future retrospect, I fancy, the lavishness of the Messiaen celebrations will contrast quaintly with the thrifty (though intensive) tributes to Elliott Carter, but I may be wrong.

Some other grateful recollections, culled almost at random. A Schumann Liederverbünd by the tenor Josef Proszchka at Eregzen (I fear it may already be too late to find tickets for his January debut at the Wigmore), not to mention Fischer-Deskau's on the South Bank: an electrifying Barbiere recital by Kremer and Martha Argerich in February; Barry Tuckwell's revival of the delightful horn concerto Ties Musgrave composed for him in 1971. Among several distinguished accounts of repertory staples, Haydn's "Nelson" Mass by Franz Welser-Mösk stood out; and Kurt Masur's Beethoven "Pastoral," and Günter Wand's great Mozart G minor Symphony, and Maria Klinger in Ravel's Shéhérazade songs, and the veteran soprano Mady Mesplé in her entire Wigmore recital. The young Carmina Quartet confirmed their remarkable promise, and the young Vogler Quartet turned up as formidable competitors.

David Murray

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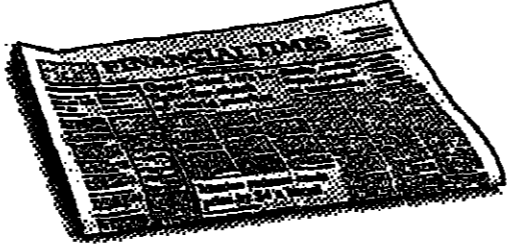
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Friday December 30 1988

Terry Dodsworth talks to GEC's head about his strategy for the company

Weinstock builds a Euro-future

Why training needs a lift

THE GOVERNMENT will have to do more than launch a 54m advertising campaign if it is to persuade large companies to take part in its Employment Training programme for the long-term unemployed.

The initiative launched yesterday by Mr Norman Fowler, the Employment Secretary, follows a sustained publicity drive aimed at employers when Employment Training came into operation in September.

Many large employers are proving reluctant to become involved - but not simply out of ignorance of the benefits claimed for the scheme. The Government will have to overcome a far more deep-seated wariness if its plans are to succeed.

About 106,000 people have started training on the £1.5bn a year programme, which is intended to offer an average of six months' training to 600,000 long-term unemployed over a year. The scheme offers a mix of off-the-job training and work experience with companies.

Getting more large employers to offer work experience placements will be vital if the programme is to meet its target.

Union opposition to the scheme has undoubtedly discouraged some large manufacturing companies from participating. But the TUC has recently softened its stance by urging unions to boycott the scheme only as a last resort.

Cautious attitude

The most important explanation for the cautious attitude of large companies is that Employment Training does not complement their recruitment and training plans.

In the service sector, retailers, hotels and catering companies traditionally recruit large numbers of part-time women workers for their basic jobs, rather than young, long-term unemployed men in search of full-time work.

Jobs in the customer service sector are becoming more highly skilled, demanding extensive product knowledge. In manufacturing, companies are still shedding labour, especially semi-skilled manual workers.

Many companies suffering from skill shortages, or plan-

ning to upgrade their workforce's skills with the introduction of new technology, prefer to recruit young people, retrain their own staff or take on experienced skilled workers from their rivals.

Moreover, some of the companies involved in the scheme believe it is simply not attracting trainees. Sir Robert McAlpine, the construction company, is considering curtailing its involvement in ET on the view that trainees are not attracted by the weekly allowance, which is worth about £1 a week more than social security benefits.

Of the 3,271 places offered by IBM, Wimpey, John Laing and Imperial Chemical Industries, only 853 have been filled.

High costs

Providing work experience placements can be expensive. Companies are being asked to pay £5 a day per trainee, on top of the costs of the extra supervision and administration which is required.

To cut through these concerns, the Government will have to use both blades of the Employment Training must be tailored to ensure that training initiatives are more clearly linked at an early stage to local investment decisions.

Local employers could be encouraged to form compact with the long-term unemployed in their area, at least to put ET trainees on a standby list for jobs if they gain vocational qualifications through their training. Trainees could use their stand-by employment status as a form of reference when applying for jobs with other companies.

Perhaps most important of all, the quality of training provided on ET needs to be improved and the scope extended. More resources will be required, and they should be viewed in part as the property of the unemployed themselves.

Where companies are unwilling or unable to use the funds, they should be made available directly to the unemployed. ET will only succeed in introducing large numbers of long-term unemployed to employers if it also provides them with worthwhile skills.

Lord Weinstock, the 64-year-old managing director of the General Electric Company, has taken what he describes as a hammering from his critics over the last few years. But he has lost none of his capacity for verbal combat. In his sixth-floor office just off Ebury Park Corner, London, surrounded by paintings of his champion racehorses, he contended that the two sweeping international takeover proposals that have stunned the City in the last six weeks should have surprised no one.

GEC, he says, has been talking about such joint venture transactions since he had talks with AEG of West Germany eight years ago. Even before that he had contacts with Olivetti, and he has been floating the idea of de-mergers for several years. The two latest deals - the proposed takeover of Plessey in combination with Siemens, the West German electronics group, and the merger of the group's power engineering division with Alsthom of France - are a logical extension of these projects.

"Every year in Europe companies are giving up sovereignty because of the costs involved in research and development. The extent and speed of technological changes are such that no one thinks he is capable of doing it all on his own."

Lord Weinstock's complaints of being perennially misunderstood will surprise no one who has been exposed to his forceful view of Europe's industrial structure.

For more than 20 years, he has sat at the pinnacle of one of the region's largest manufacturing enterprises. From this vantage point he has brought about a sweeping reconstruction of the UK electrical and electronics industry. But increasingly he has been forced to look beyond the shores of "Little Britain," as he calls it, to plot the future of the group.

Hence GEC's strategy in the last few years, he claims, has been directed towards finding ways of breaking out of the landlocked UK market to establish the group on a broader international base. Five years ago, the projects which GEC has now launched would have been impossible. But the combination of technological change and Europe's moves to lower its internal trading barriers by 1992 has provided a powerful stimulant to industrial collaboration.

"Nothing new has happened except that this time these joint projects work. 1992 has changed things. People have woken up."

But why have GEC's critics not taken aboard his long-term strategy for the group? The company's share price has been under pressure since the early 1980s, underperforming the stock market indices for much of the time. Profits growth has been disappointing, and the group has been subject to a swirl of rumours about potential takeover bids.

Lord Weinstock's response goes something like this. The large European companies in the electrical and electronic industries, he argues, have grown up in national markets which are being made irrelevant by changes in politics and technology. And although these companies have developed international operations, they suffer from the absence of the large domestic industrial bases enjoyed by their US and Japanese competitors.

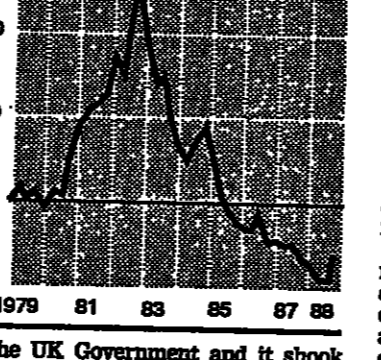
"The US is an indigenous market of 250m people with common standards; in Japan we have 120m people living in a tribal society, with close connections between government and the industrial organisations, and where the financial institutions do not place much of a burden on industrial managers' shoulders."

At the same time, GEC's strategy for growth, he believes, has been thwarted by a series of misunderstandings and misfortunes. The company, he says, was hit very hard by the cancellation of the Nimrod early warning aircraft project. Internationally, the decision to give the contract to Boeing of the US seemed to indicate that GEC had lost the confidence



international expansion which made sense for both companies, for the UK, and for the development of European industry. The proposed addition of Plessey to GEC was not designed simply as a domestic industrial rationalisation in the UK. It was aimed also at giving GEC the sort of structure that would make it easier to push through international collaboration agreements.

Here we come to the second point in his grand canvas. Europe, he argues, is not ready for large-scale acquisitions that will reconstruct its industry in the way that his own daring series of takeovers was able to achieve in the UK's electrical industry 20 years ago.



The Continent is peopled by large companies which cling to their independence, that are relatively invulnerable to takeovers, and which are frequently larger than GEC. Given this situation, one of the great irrelevancies talked about GEC, he says, is its so-called cash mountain. "You cannot go out with £1.5bn and buy a company of the order of magnitude that we need to make any change in the status quo... So you have the option of adding bits piecemeal, or doing something bolder. And that means coming to arrangements."

"These arrangements - a variety of mergers, joint ventures, co-operative deals, research collaborations and so on - are easier, Lord Weinstock argues, when you have the clout to deliver something to your partners. Hence his bitterness over the last rejection of the Plessey deal, which would have created a telecommunications group in particular that would have attracted GEC's European peers.

"There is no future for the Plessey company as it is - piecemeal bits-and-pieces acquisitions are not going to save it. I find it disappointing that, whether because of personality problems, or pride, or ancient history, Plessey will not even contemplate

looking at things in a sensible way. It was only after the last bid that we got to deal with the glaringly obvious necessity of putting together the telecommunications businesses."

But if GEC and Siemens now pull off their joint bid for Plessey, this would only be the first step out of the cul de sac in which the company has found itself in the last few years. How clear are the next moves?

First of all, says Lord Weinstock, there could be a number of deals like the ones with Siemens and Alsthom. In the Siemens case, the two partners are combining to acquire Plessey in a move that will give each company a larger production base, but allow both to retain control over their businesses. Implicit in the transaction is much wider technological co-operation, but Siemens will still wholly own its own telecommunications division, and GEC will retain total control of Marconi, its defence electronics business. The UK telecommunications operation, majority-owned by GEC, will benefit from Siemens's technological input.

"Everyone thought when the Plessey deal was announced that we would fall in the end under Siemens's domination. That was not at all the intention. We shall go with Siemens as far as we can because we think they are good partners."

The agreement with Alsthom, on the other hand, is a full-blooded merger into which GEC has injected almost a quarter of its assets. Both parties have had to give up the "absolute right to do exactly as we want." Whatever the differences between the deals, however, they both imply a radically different way of running GEC long-term. How will management control be exercised? How will GEC, a company notoriously keen on tight financial controls exercised through a small headquarters staff, accept a more complex web of relationships? Will the group be able to maintain its financial returns, rela-

tively high by the standards of its Continental partners? Lord Weinstock concedes that these joint venture companies will be extremely difficult to run unless there is a strong degree of sympathy between the partners. But the common objectives of the co-owners, he believes, should help to iron out problems; and he has refused to allow any sort of break-up agreement in the merger contract with Alsthom on the grounds that companies should not enter marriage thinking of divorce.

At Alsthom, he says, GEC has nominated Mr Jean Pierre Desgorges as chief executive "because the company has to have a boss. But I shall get monthly reports in the same way as I do now from the operating centres... If the personal chemistry is right, we shall get the necessary degree of efficiency. But we shall not tolerate inefficiency in this organisation any more than we do now. And I can assume that my counterpart has the same objectives."

At the same time, he expects the financial returns of the combined groups to go up. Indeed, it is thought that one of the attractions of GEC to its new Continental partners may be the fact that it achieves consistently higher profits than they have done in the past - returns that may also be helped by economies of scale.

"There is no longer that strong line which says that the managing director of power systems does exactly what he likes. He has a partner. From the point of view of quick action, that is not the ideal form of organisation, but it is the best available to meet the circumstances."

In the case of the proposed Plessey transaction, Lord Weinstock admits that the agreement is less than ideal from either the managerial or financial point of view. To meet the objections posed there years by the Monopolies Commission, GEC's participation in the Plessey defence business will be on an arms-length basis, unless changes "are accepted by the authorities."

Nevertheless, "the basic thing that reduces prices" in a market where there is not a multiplicity of buyers and sellers, he argues, is a lowering of costs. "And in Plessey we shall reduce costs because we shall work together in technological fields. We would have liked to integrate them, but we may not be allowed to do that."

Quite probably, these types of joint venture arrangements may in any case be only an interim stage towards a more radical reorganisation of the European industry. Once companies have learned to work together, penetrating each other's markets more, and seeing strengths and weaknesses in their product lines, they may be ready to do deals that begin to streamline Europe's large conglomerates into companies with specialised product lines that are marketed across all the region's boundaries.

Lord Weinstock will only hint at these sorts of possibilities, but they have clearly been talked about in the company's headquarters and may one day lead to a very different structure for the group.

"We may now start buying and selling companies in terms of exchanges," he says. "Maybe we are going to say to Snooks: You have ambitions to be bigger in this, in which we are not very interested. But we would like to have that, in which you are not so interested. So can we arrange some sort of swap?"

The gambling mentality

IT HAS ALWAYS been axiomatic in banking and finance that higher standards of managerial prudence are called for than in industry. That is a price that has to be paid for persuading people to remove their money from the mattress and entrust it to bankers and brokers - or that, at least, is how it used to be perceived. Today there are signs that the appetite for risk in the financial community has been increasing. Does this mean that the grand rules of finance are undergoing an important change?

Certainly there has been no shortage of headlines about lapses in financial control. In 1987, both commercial and investment bankers were in the limelight because of their exposure to issues such as the BP share sale and the Blue Arrow rights call at the time of the October stock market crash.

Now it is the turn of the US regional banks. Before Christmas the Minneapolis-based First Bank System revealed losses of \$4bn on a bond portfolio that was large in relation to the bank's total assets, while First Fidelity Bancorp of New Jersey announced large real estate losses at the recently acquired Philadelphia bank, Fidelity.

Nasty upsets

The excesses displayed by US savings and loan institutions, the "thrifts", are becoming a matter of increasing concern in Washington. And there is a general fear that the leveraged buy-out (LBO) business in the US could produce a crop of nasty upsets in the not too distant future.

Taken case by case this scarcely looks unusual. But there is, cumulatively, rather more trouble about than might be expected at this point in an unusually long-lived economic recovery. This can largely be rationalised by regulatory change.

where some participants, First Fidelity among them, have seized the opportunity presented by the erosion of interstate banking regulations with a conspicuous lack of caution.

The problem has been compounded for the banks by the loss of large corporate clients to the markets. This leaves a gap in profits from wholesale business that many have sought to fill through active dealing in bonds or in the international equity market in London, where there is no legal dividing line between banks and securities houses. For post-Big Bang London are increasingly dependent on profits generated from trading for their own account.

Bankery excess

If this amounts to a departure from risk-averse financial habits, it would hardly be surprising. The most spectacular recent example of bankery excess relates to Third World debt, having lost money on countless "safe" bets - oil, sovereign debt, real estate - they might as well accept that all assets are risky and seek to extract a high price to compensate while taking comfort from their ability to sell loans in secondary markets.

The trouble is that in the heat of the moment the temptation of over-exposure to a single class of risk can prove overwhelming. And secondary markets have a nasty way of drying up at the first hint of crisis.

In the absence of greater financial and human resources being devoted to bank regulation, especially in the US, big bank accidents are inevitable as bank management confronts the huge challenge of deregulation. And in view of the internationalisation of the securities markets, there is an urgent need for a more effective international dimension to the regulatory thrust.

George for Deputy

The word is out that Sir George Blunden, the silver-haired Deputy Governor of the Bank of England, will leave his post for his second shot at retirement shortly.

Blunden, who turns 66 tomorrow, was brought back from retirement as Deputy Governor in January 1988 and has intimated that he will go sooner than he needs to. His term lasts until December 1990, but the suggestion is that he might move as early as mid-1989.

The man most likely to succeed him is Eddie George, currently the Bank's executive director for policy and markets. George, now 50, is gracious as well as tough; the confidant of the Prime Minister and the man who helped put lead into Robin Leigh-Pemberton's pistol.

George made his name in the Bank as secretary to the 1972 Morse Committee, set up by the Group of 20 under the auspices of the IMF to think about the world after the collapse of Bretton Woods in 1971. He became assistant to the overseas department (1974), deputy chief cashier (1977), and an executive director (1982).

During the 1980s George established his supremacy over the Bank's management of the markets in London, extending his control to the foreign exchange markets in 1986, the year he was re-appointed as an executive director.

If he becomes Deputy Governor, what could be the last opening for an executive directorship of consequence for many years will be up for grabs. There are five candidates, four of whom come from George's present division: the other is Tony Coleby (58), the slightly doddish chief monetary adviser to the Governor.

The four from George's lot who, because of the relative youth, might be known as the "brat pack," are: Bill Allen (39), head of the money market divi-

OBSERVER

son; Michael Foot (42), head of the foreign exchange division; Ian Penderleith (45), head of the gilt-edged division, and an assistant director; and John Townsend (41), head of the wholesale markets supervision division.

Monnet money

There is more to the Foreign Office scheme to attract French post-graduates to British universities than meets the eye. The idea is that if the four-year trial with the French is successful, scholarships will be offered to the rest of the European Community as well.

The awards are called Jean Monnet Scholarships, after the French foreign minister of the EC. Initially there will be about a dozen a year open to French specialists in business, finance or administration who want to spend a few months at a British university or institute.

Funds have been put up by the Foreign Office and a number of British banks: NatWest, S.G. Warburg Group, Lazard Brothers, Hambros, Kleinwort Benson and the Midland Group. The sum involved is only £50,000 a year for four years, when the scheme will be reviewed.

Late French candidates still have just about time to approach the British Council in Paris. Meanwhile there is something pleasingly ironic about Britain giving scholarships to Europe in the name of Monnet.

Irish meat

Larry Goodman, the Irish meat baron apparently sharpening his cleaver over Unigate, is well known for his aversion to being well-known. Yet he did agree to meet journalists in June last year after the Irish

Haughey's smile remained fixed as Goodman turned his attention on journalists asking why he could not have raised the money from private sources such as the Dublin Stock Market. There was no need to when the money was readily available elsewhere, was the reply.

Some awards

The man of the year - in British terms - seems to me to have been Lord Mackay of Clashfern. Lord Halsbury may have been an engaging and clever fellow, but he had been around too long and was too identified with the Tory Party to be regarded as a wise Lord Chancellor. Mackay is not only independent; he looks it. He is also a reformer at a time when reform of the legal profession and the law's delays must be one of the most pressing items on the country's agenda.

The new British problem of the year - apart from the blips in the economy - was Scotland. It is not true that if the Scots become richer, they become happier with their political lot. Old discontents re-emerge. The Scots turned on the Tories in the last general election and are now turning on Labour. They feel remote from London. A wise Government would again be thinking about devolution.

And one of the undiluted pleasures of the year was the seemingly endless stream of good movies from Hollywood: Good Morning Vietnam, Big Business and Big, to name but a few. How can anyone be anti-American when they produce such gems of professionalism?

French charm

A Frenchman arrived at Dover determined to show off his English. He went into a restaurant and called for a bloody steak. "And would you like," said the waiter sweetly, "some f... potatoes to go with it?"

صكنا من الاجل

David Buchan assesses the EC's efforts to get to grips with the future

This was the first year in which it came to seem possible that the European Community might actually achieve its goal of becoming a single market by the early 1990s...



Meant to become a thing of the past: EC grain surpluses

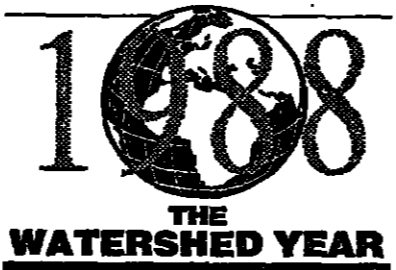
Precisely because of this, it was also a year in which Europe's vicissitudes began to dream again of further horizons. For Mr Jacques Delors, the European Commission president...

For others - Mrs Margaret Thatcher, notably - such vistas were at best a mirage and at worst a nightmare. In her now-famous Bruges speech in September, she railed against the prospect of a European superstate...

Progress has been remarkably rapid, started in the first half of the year, by a successful German presidency. The surprise of the second half of the year was the late rush of bilateral agreements...

Irreversible steps to a new Community

This year has ended with preliminary or final agreement by member states on 135 measures out of the Commission's 279-point plan for a single market by 1992. Back in June, at their Hanover summit, EC leaders formally declared the single market plan to be irreversible...



THE WATERSHED YEAR. On some issues, business seems increasingly impatient with the politicians' foot-dragging; it would like more attention paid to simplifying Europe's differing corporate tax structures...

single market. For most, the logical response to the transformation of 12 markets into one is to concentrate their production, if not sales, facilities in fewer locations to reap economies of scale in the 20m-strong market. This restructuring seems to be the force driving this year's expected 7 per cent increase in EC investment...

Perils of perestroika

By James Blitz

FORGET ROMANIA, East Germany, Czechoslovakia and Bulgaria for a moment. Their Communist leaders have strained every sinew to keep out glasnost and perestroika. Only in Hungary, Poland and the Soviet Union is reform truly on the agenda.

But on the specific issue of political reform, the Hungarians and Poles have talked much and achieved little. In Hungary, the outcome of recent discussion about a multi-party system is that the country is not going to get competitive elections for several more years.

The party leader, Mr Karoly Grosz, says he is committed to such elections one day and has allowed the non-Communist New Democratic Forum to engage in limited political activity. But the Hungarian Communist leadership knows its intensive economic reform, including more private enterprise and reductions in state subsidies by half, will mean price rises, job losses and ultimately social discontent.

Poland, the party leadership's primary goal is also economic reform, entailing unpopular cuts in subsidies and price rises. So the Government negotiated with Mr Lech Walesa to give him a limited political voice which would require him to share the burden of unpopular decisions.

That is not the Soviet goal that the West most wants to see achieved, but a better economy and living standards are the bedrocks for real political change later. Sweeping calls for democracy now, while sweet to our ears, bring opportunities to political groups who have no stake in the economy or in Gorbachev himself.

LETTERS

Transport for London

From Mr David Savers. Sir, Your leader writer's Christmas gift to the London traveller (December 22) would, I am sure, have been ridiculed by your commentators if it had come from a politician or public servant. Tunnelling to excess capacity in London's transport system may be fun, but it is not good economics...

which could be provided, both of which should be reflected in revenue. Any reduction in road congestion would not be an economic benefit, because it could also be secured by charging an economic price for using the roads. As Sir Alan Walters pointed out some time ago, economic charges were made for travel in London, demand would be lower than it is now and employment in London might well decline as well...

Hardly old-fashioned

From Mr Stanley Crossick. Sir, Thomas Sharpe's analysis of the draft European Community merger regulation (December 21) places him firmly in his own 'Little Englander' category. His conclusion that 'the regulation is an old-fashioned bureaucratic response to a limited problem' is not substantiated...

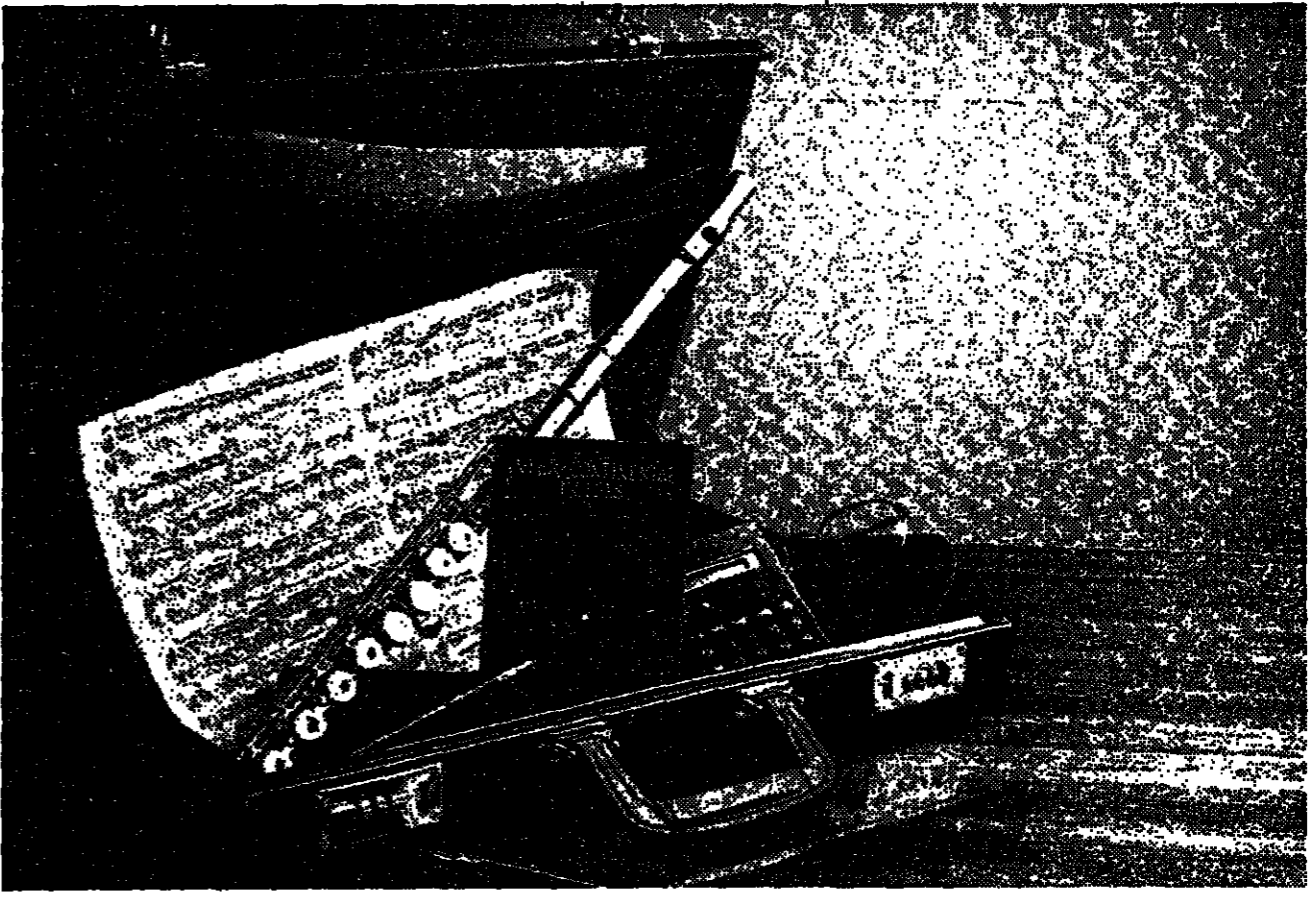
been involved in mergers with a Community dimension would not regard the problem as 'limited.' The use of Articles 85 and 86 of the EEC Treaty to control mergers is unsatisfactory, as is the overlap between EC and national jurisdictions. Mr Sharpe gives himself away when he concludes that 'on principle... it is inappropriate to invest the EC Commission with even further powers'.

Supplying the facts

From Mr Christopher J Whitney. Sir, Why, on Christmas Eve of all days, did Eric Short mar his very cogent piece about London Life by including a short paragraph that branded the dissidents as being obstructive on racist grounds? They do not like Australians? and not being prepared to take action themselves. Please can I supply me with the facts that justify those accusations as true?

be raised in court in February. London Life has repeatedly admitted that AMP has no experience in the same area of life assurance business; they equally admit the Equitable has. I, like others to my knowledge, have had talks with London Life, Equitable, DIT Insurance Division and Inland Revenue Technical Division. On the facts and merit of argument, I believe a merger with Equitable is preferable. But, as Mr Short so clearly highlights, how is this to be achieved? If it were a listed company a counter-offer could be made and the offeror would have to evaluate it and comment.

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Advertisement for Inter-Continental Hotels. Text: 'An Inter-Continental Prelude At Special Winter Rates. Now you can conduct your business with all the elegance and deluxe service of a world-class hotel at a truly remarkable price. From 1st December to 28th February enjoy Inter-Continental and Forum Hotels at our special winter rates. And to make your stay perfect, you'll receive a stylish and desirable complimentary gift for someone very special on a stay of two nights or more.'

A message to Wearside about 'miracle' recoveries

From Mr Brian J Crangle. Sir, I read the articles on Wearside (December 20) with great interest, partly because I was born and educated there and partly because of my involvement with Consett during its most difficult days. I was working in Consett when the steel works closed and helped to form the group of local businessmen who established the Derwentdale Industrial Agency...

Agency, becoming its founder chairman and remaining as such until my move to Doncaster last year. When the steel works closed in 1980, many people, including highly placed government officials, believed that Consett was doomed. It was said that it would be 'the Jarrow of the 80s', that it would never recover and that it should be left to its own devices.

recovered and many new, real, permanent jobs have been created. There are many reasons for Consett's recovery. The more important are: government financial assistance, availability of English Estates and local council off-the-shelf factories, and most important, the whole-hearted co-operation of public and private sectors. Government agencies, the local authority and the development agency all worked towards the same end with the same strategy.

While this formula cannot be universally applied, my message to Wearside is that with the total co-operation and involvement of the local community and the various local and national agencies, you can achieve the same 'miracle' as has been achieved elsewhere. Brian J. Crangle, DonBAC, 19-21 Hallgate, Doncaster.

INDIA AND PAKISTAN SEEK TO END MUTUAL SUSPICION

Gandhi and Bhutto on peace path

By Christina Lamb in Islamabad

THE ASIAN sub-continent's two great political dynasties have begun bilateral talks in Islamabad...



Bhutto and Gandhi at prayers yesterday before the start of the South Asian nations summit.

Great significance is being attached to Mr Gandhi's arrival for the first formal visit by an Indian Premier in almost 30 years...

Both leaders are facing domestic pressure which they are keen to ease by a diplomatic victory abroad...

Top of the agenda is the signing of the 1985 spoken agreement between Mr Gandhi and President Zia under which both countries would refrain from attacking each other's nuclear installations...

However, just before his death in August he reportedly admitted to a delegation from the Washington-based Carnegie Taskforce that Pakistan's nuclear capability was advanced enough to act as a deterrent against India...

The delegation later observed that both India and Pakistan now perceive each other to be capable of deploying nuclear weapons...

Although yet to be publicly admitted, it is widely accepted that Pakistan's nuclear installation at Kahuta does have a military role...

between the two countries have deteriorated, particularly after General Zia seized power in 1977...

However, India has given clear signals that it has more time for the new democratically elected government than it had for Zia's quasi-military regime...

Mr Gandhi sent warm personal congratulations to Ms Bhutto when she was sworn in, since ensuring that no agreement was made for her part...

Differences between the two countries still remain and neither leader can afford to be seen as giving way to the other...

In the end, the talks may prove little more than a photo-opportunity whose importance lies in the chance to build a personal rapport on which future agreements can be based.

Two French girls freed as mother's captivity continues

By Jim Muir in Nicosia

TWO young French girls were on their way home to Paris from the Libyan capital Tripoli last night after nearly 14 months of captivity...

The girls were seized with their mother and five Belgian friends by Abu Nidal's Fatah Revolutionary Council while cruising in a converted fishing-boat somewhere in the eastern Mediterranean...

In keeping with a saga surrounded by mystery from the outset, the release of the two girls was attended by bizarre events...

The girls' mother, Jacqueline Valente, remains in captivity along with the five Belgian friends with whom she was seized...

Also in Tripoli, it transpired, was the colourful figure of Mr Jean-Charles Marchiani, a former intelligence operative, who made several appearances in Beirut under a pseudonym...

The French Government had apparently been secretly negotiating with Libya for their release...

They must have made good time, assuming - as the French news agency AFP reported - that they came by boat from Lebanon to Benghazi...

Also in Tripoli, it transpired, was the colourful figure of Mr Jean-Charles Marchiani, a former intelligence operative...

Jacqueline is now pregnant again - again by Mr Hontekins. So despite yesterday's releases, Abu Nidal will eventually end up with the same number of hostages as he took.

France urges EMS change to speed union

By Peter Norman, Economics Correspondent, in London

FRANCE has proposed institutional changes in the European Monetary System to help advance the goal of economic and monetary union...

According to European monetary officials, the country has called for the pooling of a small part of EC central bank reserves and more formalised discussion of national monetary policies...

The proposals have been put forward in the 17-strong Delors Committee of central bank governors and outside experts...

in June with the task of studying concrete steps for economic and monetary union in the 12-nation bloc...

The committee is now evaluating its members' views with the object of producing a report for EC finance ministers around next April...

The French proposals reflect dissatisfaction with the views of many central banks, such as the West German Bundesbank, which tend to regard monetary union within the Community as the final "crowning" step...

The officials said France felt that such an approach failed to recognise the integrating potential of modest institu-

tional changes in the process of monetary union.

At the same time, the Bank of France is anxious not to rush ahead with plans for monetary union without progress towards greater economic integration in Europe...

A rushed approach similar to that advocated in February by Mr Valéry Giscard d'Estaing and Mr Helmut Schmidt, respectively the ex-president of France and the former West German Chancellor, would be "too explosive", the officials added.

France believes that the moves it has suggested in the Delors committee would force member central banks to develop monetary co-operation in a practical way.

banks would, for example, have to work out how they should jointly invest the pooled reserves.

The Bank of France has also suggested that the central banks could use the pooled reserves in currency intervention...

France also believes that the existing committee of EC central bank governors could discuss co-ordination of national monetary policies in greater detail...

The UK pharmaceutical business, which spends about £800m a year on R&D, is widely regarded as one of Britain's few successful science-based industries...

US vows to find bomb culprits

Continued from Page 1

tive in money and manpower. At present baggage often waits for long periods on airport aprons before being stowed...

The overall view throughout the airline industry yesterday was that the problem of total airport security was almost impossible to solve without big injections of money and manpower...

Even so, it is accepted that passengers on many international flights, especially to and from the US, will for some considerable time have to accept longer check-in times and more congestion.

Warning on UK research cuts

By Peter Marsh in London

BRITISH Government cuts affecting university science departments may be making the UK less attractive as a place for pharmaceutical industry investment...

The study, which discusses several factors affecting attitudes of overseas drugs companies towards investing in Britain, was written for the companies by the Economists' Advisory Group, a London-based consultancy.

It follows warnings over the past year from several leading UK drug industry representatives that shortages of funds for pure science in academic institutions may be affecting the sector's outlook.

The report may also strengthen the case of academic researchers arguing that shortages of Government funds for pure science could ultimately hurt science-based industry.

Pharmaceutical industry managers believe the funding problems are particularly acute in scientific disciplines such as chemistry and biology which are directly relevant to the drugs sector.

Another result could be to reduce the universities' output of scientists.

The UK pharmaceutical business, which spends about £800m a year on R&D, is widely regarded as one of Britain's few successful science-based industries...

According to the report, the UK has traditionally been seen as the strongest European country in pure science relevant to the drugs industry.

Rectifying the problem may be difficult, the report says, partly because of the Government's general lack of sympathy for pure science research.

French Revolution runs into a wall of indifference

Continued from Page 1

test de Vincennes, on the outskirts of the city. On June 26 a monument to the "rights of man" by Ivan Theimer, will be unveiled on the Champ de Mars...

July 14, "Festival" starting with the inauguration of the new Bastille Opera and "the world's largest ball" on June 13, with military parades...

August 28, "Homage" to the Declaration of the Rights of Man, with carnival floats from all over the world on the previous day and a concert by Urban Sax in the urban jungle

of La Defense:

September 20-21, "Rallying" round the republic in celebration of the victory of Valmy (actually in 1792, not 1789).

There is indeed a myriad of events and exhibitions planned for 1989, but details sufficiently precise for a tour operator to plan by are hard to obtain.

The official Bicentenary Mission programme, for example, gives neither hours nor contact telephone numbers for the events it lists.

esses such epic attractions as a cock-crowing contest at Pompanon, chairman of the French travel agents federation, says.

"The situation is, at the moment grotesque," Mr Yves Mourousi, the television presenter who has been trying to organise a series of concerts and events in honour of the Revolution, commented in a recent interview with the magazine L'Evenement du Jeudi.

Mr Mourousi himself has not entirely escaped criticism. He plumed unsuspected depths with his recent re-staging on

care a bit for the rest of the world," Mr Georges Toromanoff, chairman of the French travel agents federation, says.

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the TF1 television station of the trial of Louis XVI, with Mr Leon Zitronne - a sort of French combination of Richard Dimbleby and Eddie Waring - as the presiding judge, and the controversial lawyer Mr Jacques Vergès defending the king.

Mr Vergès usually takes up lost causes - his clients last year included Mr Klaus Barbie, the Nazi war criminal, as well as Mr Georges Ibrahim Abdallah, the terrorist - but he found himself for a change on the winning side.

Table with columns for location, temperature, and weather conditions. Includes cities like London, New York, Tokyo, etc.

Thrifths sale faces political storm

Continued from Page 1

have serious questions about the impact your plans will have on the Federal budget, the competitive balance of the remaining thrift industry and the concentration of power within our financial system."

Congressman Charles Schumer of New York, a prominent member of the House Banking committee, said he was worried that tax breaks made available for the recovery of the ailing thrifts would in fact go to the investors' holding companies. These benefits will be halved at the year's end on

Saturday. Congress will next year consider a comprehensive tax-payer financed bailout of the ailing savings and loans which officials believe total more than 500, concentrated mainly in Texas. Some estimates put the ultimate cost of the rescue at between \$75bn and \$100bn, while the board, chaired by Mr Danny Wall, has estimated it at around \$50bn.

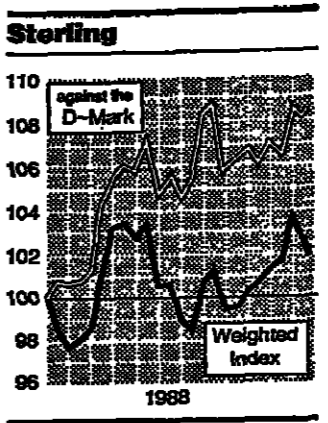
One banking expert on Capitol Hill said yesterday that the chances of unravelling this

week's deals were "remote." But he predicted that Congress would re-examine the responsibilities of the Federal Savings and Loans Insurance Corporation (FSLIC) which insures thrifts' deposits.

At present, FSLIC is not obliged to consider potential loss of tax revenue to the US Treasury, the official said. "We may consider that liquidation (of the thrifts) is a cheaper option."

Building societies prepare for war

The full effects of the recent sharp slowdown in UK mortgage lending still have to work their way through the system, but it is beginning to look as if the commercial banks and the new generation of mortgage lenders which have erupted onto the market over the last couple of years will be the ones that feel the real pain...



nearly half the capitalisation of the UK market falls the apartheid test.

This is in sharp contrast to 1987 and a good part of 1988 when the building societies were bidding up investor rates to finance their heavy growth targets...

Even after the latest increase in investor rates, the average cost of funds for a building society is probably 75 basis points below that of the banks, and while the Halifax and the Abbey National could probably afford to undercut the Woolwich's 13.5 per cent, NatWest and the other clearing banks should be charging mortgage rates closer to the TSB's 14.2 per cent...

Not surprisingly, the Japanese bias of the index means that managers who had followed it in the first nine months of 1988 would have seen their consciences pay off in a total return 1 1/2 points higher in dollar terms than that of the FT-A World Index. But there is a moral paradox here: excluding only those companies which invest directly in South Africa - rather than those which trade with it, or maintain other non-equity links - tilts the index in favour of the very country which has made the most money out of trade with South Africa in recent years...

But those who are likely to find the index most useful - the US public pension funds, some \$60bn of whose assets come under legal restrictions against South African investment - seem, for the most part, to be content with avoiding direct investment only. Their UK counterparts look less likely to provide a market for such a product: the legal status of ethically-inspired investment decisions is much less clear in the UK than in the US, and in the current political climate, it seems likely to remain so.

South Africa

Any fund manager who wishes to start the new year with a clean conscience will soon have something to measure it against: an index cleansed of South African influence, to be launched in January by County NatWest WoodMac. Investors with a bias against the sins of the flesh are no new thing in the UK market; but up to now, there has been little demand for an index which removes, on a worldwide basis, all companies which invest directly in South Africa.

The result is an index which looks more like a punt on the Japanese market than anything else. As Japanese companies are not allowed to invest directly in the Republic, they end up with 50 per cent of the World Index while Europe's share falls from its normal 21 per cent to about 14. And in case anyone should doubt the strength of the vested interests opposing sanctions in the UK,

Sterling index

Year-end dementia in the foreign exchange markets is only to be expected, but the move from 77.4 at yesterday's close to a probable 87 this morning in the Bank of England's trade weighted index might seem to be going it a bit. In fact, the weights have been redesigned to match the changing balance of UK trade away from the US and towards Europe; and while the behaviour of the index may not alter radically, the market would do well to pay more notice than previously. For most of the year, the foreign exchanges have single-mindedly viewed exchange rate policy against the £/DM rate alone, whereas the Chancellor has almost certainly been steering a course between the DM and the trade weighted index. With the DM bloc currencies - including the Swiss franc and the Austrian schilling - constituting two thirds of the new index, he might just get away with one measuring stick in the future.

DSL Bank Deutsche Siedlungs- und Landesrentenbank. US \$ 100,000,000 8 1/2 per cent, bonds due 1996. DSL Bank Deutsche Siedlungs- und Landesrentenbank ("DSL Bank") hereby gives notice that its wholly-owned subsidiary DSL Bank Luxembourg Société Anonyme 208, Val des Bons Malades L-2121 Luxembourg ("DSL Bank Luxembourg") has by agreement between DSL Bank and DSL Bank Luxembourg dated December 30, 1988 (the "Agreement") assumed any and all obligations of DSL Bank under the Bonds and Coupons, including the obligation to pay principal, interest and any other sums due or becoming due under the Bonds and Coupons, in accordance with the Terms and Conditions of the Bonds (the "Conditions"), except for the obligations arising under Clause 4 (negative pledge) of the Conditions. The assumption of obligations as aforesaid constitutes a contract for the benefit of the bondholders and couponholders from time to time pursuant to § 328 (1) of the German Civil Code giving rise to the right of each bondholder and couponholder to require performance of the obligations assumed directly from DSL Bank Luxembourg and to enforce such obligations directly against DSL Bank Luxembourg. The assumption of obligations as aforesaid is valid without the approval of the bondholders and couponholders and does not in any way prejudice the rights of the bondholders and couponholders as against DSL Bank arising under the Bonds and Coupons, and the obligations assumed by DSL Bank Luxembourg constitute obligations additional to and independent from the obligations arising under the Bonds and Coupons. Copies of the Agreement will be available for inspection by the bondholders at The Chase Manhattan Bank S.A., Woolgate House, Coleman Street, London EC2P 2HD, England, in its capacity as Principal Paying Agent in respect of the Bonds and Coupons. DSL Bank Luxembourg was founded on November 4, 1988 under Luxembourg law for an unlimited duration. It is registered with the Trade Register in Luxembourg under No. B 29076. The subscribed capital is presently DM 50,000,000. Bonn, December 30, 1988 DSL Bank Deutsche Siedlungs- und Landesrentenbank

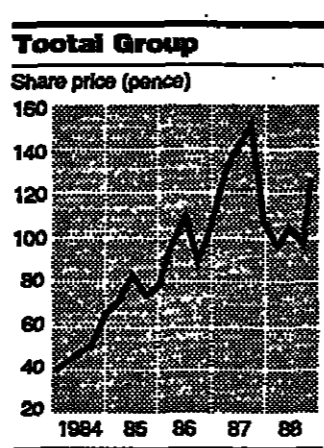
UK COMPANY NEWS

Mr Textiles picks up the threads

Alice Rawsthorn looks at Abe Goldberg's fresh assault on Tootal

THREE YEARS ago the board of Tootal, the textile group, breathed a deep sigh of relief when it emerged victorious from a bitterly fought bid battle against Mr Abe Goldberg, the "Mr Textiles" of Australia.

land - was considering a bid for Tootal. He instructed Casenove, which acted as his broker in the abortive 1985 bid, to buy Tootal shares. By the time he was obliged, under terms of the Companies Act, to declare his holding - five working days after his stake had reached 5 per cent - he had spent about £28m on a 9.23 per cent stake in Tootal.



scared by savage cuts and closures. In 1985, when Mr Goldberg pounced, the worst of the cuts were over. But the prospects for Tootal's surviving interests - the International Sewing Thread business and UK textile companies - were somewhat pedestrian.

development of joint ventures in China providing a source of low cost yarn. Its US thread companies, traditionally the weakest area of activity, have been strengthened by the acquisition of Standard-Coosa-Thatcher.

County NatWest splits with Blue Arrow

By David Waller

BLUE ARROW and County NatWest, investment banking arm of the National Westminster bank, have parted company. Lazard Brothers has replaced County as the employment agency's principal financial adviser.

Stampeding to success

Keiran Cooke on the career of Larry Goodman

LARRY GOODMAN, the Irish businessman who has built up a 7.9 per cent holding in Unigate, the UK food, dairy and distribution group, is commonly referred to in his own country as "Mister Meat" or "The Beef Baron".

certainly the right man at the right time when Ireland joined the EEC in 1973. EEC funds meant more money for Irish agriculture, more investment in beef stock. Beef exports, attracted by EEC export subsidies and the intervention policy, increased dramatically.

funding was given to the project. Critics say there is as yet no sign of the promised new jobs materialising. By far the most controversial move of Mr Goodman's career to date has been expansion into the Co-operative movement, one of the economic foundation stones of the Irish state.

Reorganisation hits Flexello

The costs of reorganising sites at Slough and Swindon cut deeply into the profits of Flexello Castors & Wheels for the year ended September 30.

Carless prolongs its Kelt tussle

By Nikki Tait THE LONG-RUNNING tussle between Kelt Energy and its bid target, Carless, the larger oil independent, failed to reach its denouement yesterday.

this week, and the bidder has said that its cash alternative would be closed off on January 12.

with the bidder's financial arrangements. The advisers, having met for the first time on Wednesday, saw each other again yesterday, with a further meeting due today.

Isveimer U.S. \$100,000,000 Floating Rate Participation Certificates Due 1992. Issued by Morgan Guaranty GmbH for the purpose of making a loan to Istituto per lo Sviluppo Economico dell'Italia Meridionale.

Wardle extends its £82m offer for Armstrong. By Clare Pearson. WARDLE STOREYS, plastic products and security equipment group, yesterday extended its £82m hostile offer for Armstrong Equipment, car components and industrial fasteners group.

Textron/Avdel. Texton, large US conglomerate, now controls 44.2 per cent of Avdel, fasteners group, for which it is making a £125m offer, following the acquisition of 200,000 shares.

NOTICE OF REDEMPTION AND PURCHASE. PROVINCE OF NOVA SCOTIA. 1988 DEBENTURES - DUE 1989. The Republic of Trinidad and Tobago U.S. \$50,000,000 Floating Rate Notes due 1990.

Notice to Holders DIASONICS 6 1/2% Convertible Subordinated Debentures Due 2001. On July 20, 1988, the Board of Directors of Diasonics, Inc. declared a dividend of one one-hundredth of a share of Series A Junior Participating Preferred Stock.

Iceland senses victory. HOPES WERE running high last night at Iceland Frozen Foods that today's 1pm closing deadline would clinch victory for its long-running £234m takeover bid for Bejam Group.

National Provincial Building Society £200,000,000 Floating Rate Notes 1996. Notice is hereby given that the Rate of Interest has been fixed at 13 1/8% p.a.

Copenhagen Handelsbank A/S U.S. \$100,000,000 Subordinated Floating Rate Notes Due 2000. In accordance with the provisions of the Notes notice is hereby given that for the six months interest period from 30th December, 1988 to 30th June, 1989 the Notes will carry an interest rate of 9 1/8% per annum.

MITSUI & CO. FINANCIAL SERVICES (AUSTRALIA) LTD. \$550,000,000 Guaranteed Floating Rate Notes Due 1992. Unconditionally guaranteed by MITSUI & CO. (AUSTRALIA) LIMITED.

U.S. \$500,000,000 The Republic of Italy Floating Rate Notes due 2005. In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from December 30, 1988, to January 31, 1989, the Notes will carry an interest rate of 9 1/8% per annum.

Italex Limited U.S. \$230,000,000 Unsecured Floating Rate Notes due 1989 to 1992. In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the period from 3 January 1989 to 3 July 1989 has been established at 9% per cent per annum.

CFX Credit for Exports PLC U.S. \$155,000,000 Unsecured Floating Rate Notes due 1985 to 1992. In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the period from 3 January 1989 to 3 July 1989 has been established at 9% per cent per annum.

US fight

US short rates anticipate tighter monetary policy

By Janet Bush in New York and Katherine Campbell and Norma Cohen in London

US TREASURY bonds yesterday traded in an extremely narrow range, soaring gains by mid-session of around 4 points along the yield curve, which remains favored as short rates continue to anticipate a further tightening in monetary policy.

The yield on the 8.5 per cent bond due to mature in 1991 was quoted at 9.16 per cent at mid-session while the yield on the Treasury's benchmark 30-year issue stood at 8.99 per cent.

Trading was quiet yesterday with the dollar doing very little. The currency was quoted at Y125.55 at mid-session compared with highs and lows of Y126.30 and Y125.125 respectively.

THE EUROBOOND markets ended one of the most sluggish days of the year with trading rooms half-staffed and syndicate departments on skeleton crews.

But the dollar's recent strength has concentrated the minds of syndicate officials on the new issues calendar for 1989 and the possibility of several jumbo dollar-denominated issues for sovereign borrowers.

In Sweden prices rose on some quite active buying. Some players were positioning themselves ahead of the tax-over tax to be introduced in the New Year.

BENCHMARK GOVERNMENT BONDS

Table with columns: Country, Coupon, Maturity, Price, Change, Yield, Week ago, Month ago. Rows include UK Gilts, US Treasury, Japan, Germany, France, Canada, Netherlands, Australia.

BENCHMARK GOVERNMENT BONDS

Table with columns: Country, Coupon, Maturity, Price, Change, Yield, Week ago, Month ago. Rows include Yen Straights, Other Straights, Euro, Swiss Franc, etc.

FT INTERNATIONAL BOND SERVICE

Large table listing various international bonds with columns for Issuer, Coupon, Maturity, Price, Change, Yield, Week, Month.

FT INTERNATIONAL BOND SERVICE

Large table listing various international bonds with columns for Issuer, Coupon, Maturity, Price, Change, Yield, Week, Month.

France sets bond sales target of FF100bn

By George Graham in Paris

THE FRENCH Government has announced a bond market borrowing target for 1989 of FF80bn to FF100bn (\$16.4bn) in line with the planned reduction in the budget deficit to FF100bn.

The bonds will be issued mainly at the monthly Treasury bond auctions, but the Government also confirmed it planned to issue a medium to long-term bond denominated in francs, the European basket in franc and overseas.

Fixed interest bonds with maturities at 10 and 15 years will replace the OAT 8.5 per cent 1988 and OAT 8.4 per cent 1989, but the seven year OAT 8.7 per cent 1985 will be dropped from the auction calendar and a new 30 year stock will be created in place of the 25 year bond issued this year.

Domestic life insurance companies have bought the 2012 bond, but some dealers believe that by agreeing to a 30 year maturity, the French Government may also attract foreign investors, especially Japanese institutions.

A further 12 year floating rate bond, OAT TME 2001 indexed on the average yield of 7 to 15 year government bonds, will also be created.

Every auction, conducted on the first Thursday of each month, will include the new 10 year bond, one of the two floating rate bonds and either the 15 year or the 30 year bond.

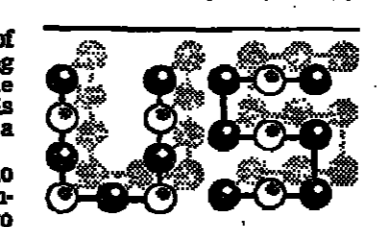
Nokia increases holding in Salora to 97% By Olli Virtanen in Helsinki

NOKIA, THE Finnish electronics group, has increased its holding in Salora, the consumer electronics subsidiary by 36 per cent to 97 per cent after buying the stake owned by Holming, the Finnish shipbuilding company.

Good cheer at successful Sterling

Peter Marsh on the turnround at a Houston-based company

Ask the 900 employees of Houston-based Sterling Chemicals about the state of the US chemicals industry and you will get a decidedly cheery reply.



Chemical industry

The staff of Sterling, who own just under half the company, some two months ago sold 20 per cent of their collective stake for \$130m, more than 100 times the value of the shares when the group was created two years ago.

The size of the payout - which enriched Sterling's production workers by about \$30,000 and gave much larger sums to some of the company's more senior employees - can be explained almost entirely by the scale of the turnround in the US chemicals business since 1986.

This week, for example, Quantum Chemical of the US announced a \$12m financial restructuring which would result in shareholders receiving a one-time cash dividend of \$30 a share.

Sterling was created when a group of managers at Monsanto, the big US chemicals producer, agreed to buy from their employer a group of commodity-chemicals plants in Texas City near Houston.

The big pay-off in October for Sterling's employees came after Mr Waggoner and the other directors decided to convert some of the shares into liquid assets. They asked all shareholders to dispose of a fifth of their stake, in the process taking the company public.

Mr Waggoner, who before the self-off owned 10 per cent of the company, has agreed to deliver to these groups bulk chemicals such as styrene (the main component of polystyrene plastic) and acetic acid (which is made into chemicals used in glues and paints) over several years.

These deals, Mr Waggoner says, should help to insulate Sterling from any downturns in the chemicals business in the next few years. Mr Waggoner is delighted with this scheme. "We think it's pretty clever," he says.

This is the fourth in a series on the US chemical industry. The previous articles on Monsanto, Dow Chemical and Union Carbide appeared on December 8, 14 and 22.

London United expands in US

By Nick Bunker

LONDON United Investments, a specialist group which supplies property/casualty insurance for US corporations, is to spend \$12.69m to buy an insurance syndicate on the Chicago-based Illinois Insurance Exchange from CalFed, a US thrift institution.

The big question for Sterling - and for other groups in the US chemicals industry which have gained similarly from the boom in demand since 1986 - is how long the good times will last.

Mr Waggoner points to a series of long-term contracts between his company and other chemicals groups, such as British Petroleum, BASF of West Germany, Canada's Polysar and Monsanto. Under these

contracts, Sterling has agreed to deliver to these groups bulk chemicals such as styrene (the main component of polystyrene plastic) and acetic acid (which is made into chemicals used in glues and paints) over several years.

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Bond lifts Chile telecom stake to 50.2%

By Michael Murray in Hong Kong

MR ALAN BOND'S Hong Kong listed Bond Corporation International (BCI) has increased its stake in Compania de Telefonos de Chile (CTC) from 32 per cent to 50.2 per cent after subscribing to an additional US\$156.2m worth of shares in the recent CTC rights issue.

The shares were acquired through BCI's wholly-owned subsidiary Bond Corporation Chile. Under CTC regulations to shareholder may normally own more than 45 per cent of the company, but agreement

has been reached giving BCI until August 31 1989 to reduce its stake to below that limit.

BCI acquired its initial 32 per cent stake in CTC in January 1988, and a few months later assumed management control of the company, which provides around 95 per cent of domestic telephone services in Chile.

BCI added that, when it took control, telephone line sales were below the 42,000 per annum target. It is now forecasting total line sales of 60,000

for 1988, and growth of 11 per cent in operating profit over 1987.

The company said in a report to shareholders released in August that long-term funding for its increased CTC stake would be repayable over eight years from profits distributed by CTC.

Further delays on documentation make it likely that the extraordinary meeting will be further postponed, from the rescheduled January 10 date, and that it will not take place until the end of that month.

BCI is 68 per cent held by its Australian parent Bond Corporation Holdings, which in October announced a HK\$2.20 (US\$0.28) per share offer to minorities in order to take the company private.

However, the extraordinary meeting planned for December 12 so that shareholders could vote on the offer had to be postponed after BCI sold its 30 per cent stake in TVB, a local television station. The deal meant that new offer documents had to be prepared.

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BankAmerica Overseas Finance Corporation N.V. Guaranteed Floating Rate Subordinated Capital Notes Due 1996

BankAmerica Corporation Interest Rate 9 1/2% per annum

CITICORP U.S. \$350,000,000 Subordinated Floating Rate Notes Due November 27, 2035

U.S. \$75,000,000 Girozentrale und Bank der osterreichischen Sparkassen Aktiengesellschaft

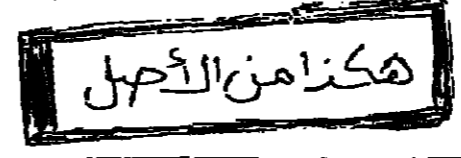
U.S. \$400,000,000 BankAmerica Overseas Finance Corporation N.V. Guaranteed Floating Rate Subordinated Capital Notes Due 1996

American Express Bank Ltd. U.S. \$100,000,000 Floating Rate Subordinated Capital Notes Due 1997

Deirdre McCarthy ext 4177 Paul Maraviglia ext 4676 Elizabeth Rowan ext 3456

APPOINTMENTS ADVERTISING Appears every Wednesday and Thursday

Vertical text on the left margin: SS, Goodman, offer, etc.



Vertical text on the bottom left margin: Citibank, etc.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: EQUITY GROUPS & SUB-SECTIONS, Thursday December 29 1988, and Year ago (approx). Lists various industry groups like CAPTAL GOODS, BUILDING MATERIALS, etc.

Table with columns: FIXED INTEREST, AVERAGE GROSS REDEMPTION YIELDS, and Year ago (approx). Lists interest rates for various terms like 1-5 years, 5-10 years, etc.

80-point index 1793.0; 10 m 1793.5; 11 m 1799.1; 12 m 1804.6; 1 m 1802.3; 2 m 1802.6; 3 m 1804.0; 4 m 1804.3; 4.05 m 1804.1

RISES AND FALLS YESTERDAY

Table showing Rises and Falls for British Funds, Corporations, Dominions and Foreign Bonds, Industrials, Financial and Properties, etc.

LONDON RECENT ISSUES

Table listing recent issues with columns: Issue, Price, and Yield. Includes issues like 5% F.P., 10% F.P., etc.

FIXED INTEREST STOCKS

Table listing fixed interest stocks with columns: Issue, Price, and Yield. Includes issues like 10% F.P., 10% F.P., etc.

RIGHTS OFFERS

Table listing rights offers with columns: Issue, Price, and Yield. Includes offers like 10% F.P., 10% F.P., etc.

TRADITIONAL OPTIONS

First Dealings Dec 19, Last Dealings Dec 19, Last Dealings Dec 19. For rate indications see end of London Share Service

LONDON TRADED OPTIONS

Large table showing various options with columns: Option, Calls, Puts, and other details. Includes options like Allied Lyons, B.N. Airways, etc.

WORLD COMMODITIES PRICES

LONDON MARKETS

COFFEE prices advanced rapidly in morning trading on expectations that the US market would make a strong technically-based rally. But disappointment at New York's failure to follow through on early advance pared the gains...

Table of COCOA prices with columns: Date, Close, Previous, High/Low. Includes prices for Dec 29, 30, and Jan 1.

SPOT MARKETS

Table of spot market prices for various commodities like Gold, Silver, Platinum, etc.

LONDON METAL EXCHANGE TRADED OPTIONS

Table of London metal exchange traded options for various metals like Aluminium, Copper, etc.

FRUIT AND VEGETABLES

Fruit supplies remain good with prices stable, reports FVIB. Cox's apples are 35-85p a lb, conference pears 25-45p and oranges 9-25p each. Seasonal favourites like cauliflower 20-30p a lb and clementines 25-30p continue to be plentiful and best bananas 40-55p and lemons 12-18p each remain stable. The continuing mild weather means that supplies of home-grown vegetables are still superb, with brussels sprouts 15-27p a lb, carrots 10-25p, cabbage 10-15p a lb. The price of the cauliflower 40-55p each remains the same, as do leeks 40-55p a lb, and mushrooms 40-75p a lb. There have been no changes in the prices of tomatoes at 40-60p a lb, cucumbers 60-80p each, celery 40-60p a head and spring onions 25-45p a bunch.

LONDON METAL EXCHANGE

Table of London metal exchange prices for various metals like Aluminium, Cash, Copper, etc.

POTATOES

Table of potato prices with columns: Date, Close, Previous, High/Low.

SOYABEAN MEAL

Table of soyabean meal prices with columns: Date, Close, Previous, High/Low.

FREIGHT FUTURES

Table of freight futures prices with columns: Date, Close, Previous, High/Low.

CRUDE OIL

Table of crude oil prices with columns: Date, Close, Previous, High/Low.

GAS OIL

Table of gas oil prices with columns: Date, Close, Previous, High/Low.

US MARKETS

IN THE metals, technical selling in the gold and silver markets sent prices below key support levels, reports Drexel Burnham Lambert. February gold fell over \$20 while the March silver lost 5 cents. Platinum and copper prices were firm in quieter trading. The soft commodities featured a slow day in the sugar and cocoa markets. Coffee again gained 84c in March as its upward trend continued. In the grains, feed selling weakened the bean oil market. The soybean futures were steady as commercial buying and commission house spreading was featured. Corn and wheat markets were quiet with some realigning of spreads seen. In the meats, cattle futures slipped as the European ban on beef imports containing growth hormones weighed on the market. The pork belly and hog futures featured mixed trading as large weekly movement of bellies into cold storage and steady lower cash prices put pressure on the futures. The energy markets fell slightly in moderate volume. Trade groups were mixed with no news to report.

Chicago

Table of Chicago market prices for various commodities like Soyabean Meal, Soyabean Oil, etc.

New York

Table of New York market prices for various commodities like Gold, Silver, etc.

CRUDE OIL

Table of crude oil prices with columns: Date, Close, Previous, High/Low.

COFFEE

Table of coffee prices with columns: Date, Close, Previous, High/Low.

SUGAR

Table of sugar prices with columns: Date, Close, Previous, High/Low.

COTTON

Table of cotton prices with columns: Date, Close, Previous, High/Low.

SILVER

Table of silver prices with columns: Date, Close, Previous, High/Low.

ORANGE JUICE

Table of orange juice prices with columns: Date, Close, Previous, High/Low.

INDEXES

Table of various financial indices with columns: Index Name, Value, Change.

LONDON STOCK EXCHANGE

Equity sector above FT-SE 1800

THE YEAR-END rally on the London stock market continued yesterday, taking the FT-SE Index above the 1800 mark last seen at the end of November. Gains in the blue chip exporters were encouraged by another firm performance by the US dollar and by an increasing shortage of shares in the market as fund managers and traders closed their books ahead of the final trading session of 1988.

managers of the big investment funds, whose 1988 performance is inevitably linked to tonight's closing prices. There were few sellers when prices began to move higher. Accentuating the squeeze was a trading programme of around £25m and involving around 30 Alpha-rated and

some Beta stocks, operated largely by Smith New Court, one of the leading marketmakers in London. The programme brought raised eyebrows at some major trading firms which had not been invited to tender for it. Traders commented that some of the programme deals were done at surprising premiums to the market, but a spokesman for Smith said the premiums were not unusual in terms of current sector trading. At the close, the FT-SE Index was 15.7 higher at 1803.4, encouraged finally by firmness on Wall Street. It last stood above 1800 on November 24

when it reached 1838, only to tumble the next day on the disclosure of a surge in Britain's trade deficit in October. The past fortnight has seen a cautious recovery as the latest data on the UK economy has suggested a slowdown in consumer spending. Seaq volume jumped sharply yesterday to 377.5m shares from the 172.7m of the previous session. However, market analysts took a cautious view of this week's bounce in equities, which are still thought to be in a trading range with a top end of around FT-SE 1810. Some traders commented that the equity market may now be looking overextended.

Yesterday's gain in market indices reflected sharp rises in such favoured international performers as Glaxo, Beecham, Jaguar and BAT Industries, where shortage of stock has become a clearly significant factor. Equities paused briefly at mid-morning when National Westminster Bank announced a one point increase in its mortgage rate to 13.75 per cent. An increase had been signalled, and was indeed inevitable, in November when bank base rates moved up to 13 per cent. The move did nothing to lift the market's uncertainty over the general outlook for domestic interest rates.

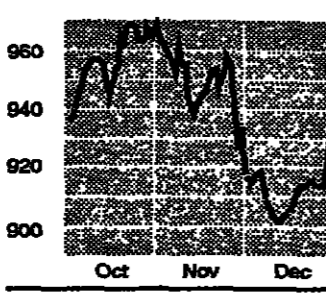
FINANCIAL TIMES STOCK INDICES

Table with columns for Dec 29, Dec 28, Dec 27, Dec 26, Dec 25, Dec 24, Dec 23, Dec 22, Dec 21, Dec 20, Dec 19, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11, Dec 10, Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1. Rows include Government Secs, Fixed Interest, Ordinary, Gold Mines, S.E. ACTIVITY, and various stock indices.

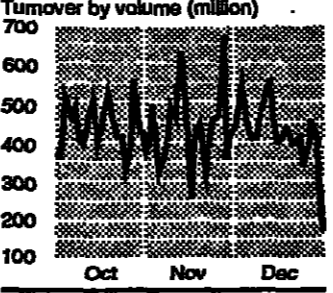
Mystery Collins bidder

William Collins, the publishing house currently under the threat of a bid from Mr Rupert Murdoch's News International, followed up its recent announcement about talks with a possible white knight. News that an unnamed party intends to make an offer for Collins sent both classes of share skidding higher. The Ordinary shares improved 6 to 851p, while the A shares jumped 41 to 705p, after 715p, in turnover of 175,000. The rises reflected the cash offer terms of 880p for each ordinary share and 735p for each A share. There was plenty of speculation as to the identity of the new bidder. Last week's favourite Reed International was mentioned again, but the balance seemed to favour a mystery US party. The offer remains conditional upon acceptance from a significant number of ordinary Collins shareholders.

FT-A All-Share Index



Equity Shares Traded



turnover as dealers tried to cover their positions. BOC was one of the stocks to benefit, rising 9 to 430p with dealers commenting that stock was increasingly hard to find. NatWest shares edged higher to 514p as the market took aboard the increase in mortgage rate which the bank had already signalled for the New Year. The announcement brought a flurry of trading which took the shares as high as 515p at best on turnover of 1.4m shares. International stocks were again squeezed, with Glaxo up 10 to 1085p and ICI rising 7 to 1035p in this turnover. The only redeeming factor was the mixed programme trade which involved around 30 of the leading issues and helped boost

positions ahead of the year-end. Among the best spots were General Accident and Sun Alliance. Currency factors also helped selected insurance brokers. Sedgwick, with substantial US interests, gained 5 to 221p. A large buy was noted again for Bradstock Group. Prudential edged higher at 154p after paying £46.7m for the Australian and New Zealand interests of Aetna, the major US life and casualty group. The squeeze on Rascal Telecom (RTG) shares intensified as US-based investment houses went on the bid for stock yesterday. Continuation of the flow of stock from the UK now means that more than half of the issue is held in US hands, with British investors becoming a protected species. High volume of 5.2m was recorded as RTG gained 4 more to 183p. Rascal Electronics moved up 3 to 282p. Thorn EMI maintained a strong profile, rising 6 to 629p, amid reports that it hopes to conclude negotiations with French group SGS Thompson over the sale of humors by mid-February. Amstrad shares extended their recovery with buyers looking optimistically towards satellite television expansion, and the close was 5 higher at 178p. Among builders, Steelroy rose 15 to 336p, approaching its year-high amid large buying interest. Redland was well bid and rose 16 to 426p. The Stores sector continued to improve against a background of good reports from the pre-Christmas trading period and the New Year Sales.

NEW HIGHS AND LOWS FOR 1988

Table listing new highs and lows for 1988 across various sectors like Chemicals, Electronics, Food, etc.

Lucas Industries (522p) continued to respond to whispers of stakebuilding, while British Steel (81 1/2p) extended the premium on the offer price as arbitrage buyers from the US appeared in London. Food stocks were mixed. Dealers found it hard to keep their book positions as flat as they wanted - strong demand emerged for Unigate, which rose another 10 to 249p after Wednesday's confirmation that the Irish entrepreneur Mr Larry Goodman had raised his stake to 7.99 per cent. Turnover was a respectable 4.6m shares, with dealers speculating that brokers acting for Mr Goodman might have been bidding for more stock yesterday. Analysts Carl Short and John Marshall at Kinnaird & Alton were among the first to record a post-Christmas com-

ment, advising investors to "await further developments", particularly with regard to unsubstantiated talk of a European consortium bid for Unigate. Unilever gained 11 to 466p in what dealers described as a classic squeeze, while the interest in Unigate inspired the old bid favourite United Biscuits to move ahead 5 to 289p in turnover of 1.7m. New Year recommendations, both actual and rumoured, incited buying interest for several miscellaneous industrial groups. Slebe rose 13 to 386p following a newsletter tip and Smiths Industries advanced 8 to 269p amid speculation that it would be included in at least one Hit Transport Development jump 15 to 289p and Granada 9 to 394p.

TRADING VOLUME IN MAJOR STOCKS

Table showing trading volume in major stocks with columns for Stock, Value, Change, Buy's, Sell's, etc.

Plessey active

The market began to scent yesterday that the GEC/Siemens' terms currently on the table for Plessey were unlikely to be successful. Activity expanded noticeably - turnover eventually amounted to 4.5m shares - as Plessey shares pressed nearer the bid price (125p) to close 6 up at 121p. Next week the group will unveil its defence document,

APPOINTMENTS

Restructure at British Aerospace

BRITISH AEROSPACE has made the following board appointments. At British Aerospace (Commercial Aircraft): Mr S. GIBBRAND, chairman; Dr M.C.S. DIXON, managing director; Mr D.G. EUSTACE, non-executive director; Mr J.J. HUGHES, Mr C.B.G. MASEFIELD, Mr R.M. MCKINLAY, and Mr P.J. ROWLEY, secretary. At British Aerospace (Dynamics): Mr R.H. EVANS, chairman; Mr N.V. BARBER, managing director; Mr S. BLOMLEY, Mr D.A. EVANS, non-executive director; Mr M.D. PARRY, Mr M.J. TURNER, and Mr A.M. GOODALL, secretary. At British Aerospace (Military Aircraft): Mr R.H. EVANS, chairman; Dr L.A.M. HALL, managing director; Mr A.H. BAXTER, Mr D.A. EVANS, non-executive director; Mr W.F. McNAUGHTON, Mr R.D. SMITH WRIGHT, Mr M.J. TURNER, Mr J.P. WESTON, Mr B. YOUNG, and Mr T.A. FLETCHER, secretary. At British Aerospace (Space Systems): Mr Raymond LYGO, chairman; Mr J.A. HOLL, managing director; Mr R.L. COACHE, Mr E.G. DANNEY, Mr W.A.C. NENDICK, Mr E.S. BOTHERY, Mr L.E. YATES, and Mr P.E. GREEN, secretary. Mrs Fiona GONDBOURN has been appointed managing director of M.A.S. PENSIONS, pensions marketing arm of the Motor Agents' Association. She also becomes managing director of General Pensions Administrators, a subsidiary. She was an executive director of Hadrian Trustees. N.M. ROTHSCHILD & SONS has appointed Mr Peter DAVIES, a senior partner in Peat Marwick McLintock, Cardiff, as director of corporate finance in Wales. He joins on April 1, and will be based in Cardiff. Mr Peter SAVAGE joins STACK GmbH, Milton Keynes, in January as managing director, taking over from Mr Bernard Hadley when he retires in April. Mr Savage was founder and managing director of Semstat. Mr Stefan KAY, previously a general manager of one of G-P INVERESK's four mills, has been appointed managing director of the group in succession to Mr Adrian Missenden who leaves in mid-February to become managing director of Associated Paper Industries.

Mr Fergus Dymock has been appointed an executive director of HAMBROS BANK with responsibility for medium term finance and the shipping division from January 1. Mr Charles Perrin will cease acting as senior executive director of the division on that date to allow more time for his general responsibilities as deputy chairman. He will continue as executive director of the Scandinavian division. The TT GROUP has appointed Mr Andrew P. Bale as its chief accountant and treasurer. Mr Frank B. McGarry has been appointed managing director of RAINHAM TIMBER ENGINEERING, a subsidiary of The Phoenix Timber Group. GT MANAGEMENT (UK), a subsidiary of GT Management, has appointed Mr Raymond Fudge (above) as its managing director. Mr Howard Baggeley has relinquished this role to concentrate as chairman on the development of the Baggeley Group. Mr Colin Goodall has been appointed deputy managing director, and Mr Simon Embbleton, Mr Gavin Lach, and Mr Des Eaddy have been appointed associate directors in the foreign exchange division of BUTLER HARLOW DEDA. Mr Michael John Marden becomes managing director of NORTHERNMAN WATER on January 3. He is managing director of Cammell Laird Shipbuilders. Mr Frank Ridley, who retires as chief executive, will continue as deputy chairman. Mr Glyn Samuel, the immediate past chairman of the Road Haulage Association, has been appointed deputy chairman of NORSEMAN FREIGHT, a member of the Robert Smith Group.

of the group, which primarily comprises MKI Securities in the US and in London, and Charles Fulton IDB, and Charles Fulton Equity IDB. Mr Raven, who joined the group last July, was with Warburg Securities, and County NatWest Securities. Mr John Frazer has been appointed director, group compliance, of NATIONAL WESTMINSTER BANK, succeeding Mr John Bellamy, who retires on December 31. Mr Frazer was an assistant general manager of NatWest's domestic banking division. Mr Walter Stewart has been appointed assistant general manager, Europe, from January 1, at THE ROYAL BANK OF SCOTLAND. Mr Stewart will manage all

to the board: Mr Peter Anwyl-Harris; Ms Lynne Chilvers; Mr Peter Dugdale; Mr Paul Freeman; Mr John Legat; and Mr Terry Lynch. Mr Michael Stevenson, (above), founder director, has become chairman of KESTREL SERVICES. Mr Robert Wallace, finance director, becomes managing director of all four operating divisions. Mr Philip Crocker has been appointed director of systems. Mr Peter Savage joins STACK GmbH, Milton Keynes, in January as managing director, taking over from Mr Bernard Hadley when he retires in April. Mr Savage was founder and managing director of Semstat. Mr Stefan Kay, previously a general manager of one of G-P INVERESK's four mills, has been appointed managing director of the group in succession to Mr Adrian Missenden who leaves in mid-February to become managing director of Associated Paper Industries. Mr Stephen Raven has been appointed managing director of the securities division of INTERNATIONAL CITY HOLDINGS. He will be responsible for the global securities broking business

operational aspects of the bank's alliance with Banco Santander, which covers Spain, Germany, Belgium, and Gibraltar. He will also be responsible for the bank's preparation for a single European market in 1992 and for helping customers prepare for this event. He will be based in London at the bank's international division headquarters. Mr Colin Goodall has been appointed deputy managing director, and Mr Simon Embbleton, Mr Gavin Lach, and Mr Des Eaddy have been appointed associate directors in the foreign exchange division of BUTLER HARLOW DEDA. Mr Michael John Marden becomes managing director of NORTHERNMAN WATER on January 3. He is managing director of Cammell Laird Shipbuilders. Mr Frank Ridley, who retires as chief executive, will continue as deputy chairman. Mr Glyn Samuel, the immediate past chairman of the Road Haulage Association, has been appointed deputy chairman of NORSEMAN FREIGHT, a member of the Robert Smith Group.

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NOTICE OF PARTIAL REDEMPTION Blair Athol Finance Limited (Incorporated under the Law of the State of Victoria) US \$141,000,000 Guaranteed Floating Rate Notes due 1994 of which US \$120,000,000 has been issued as an Initial Tranche. NOTICE IS HEREBY GIVEN that in accordance with the Terms and Conditions of the Notes US \$11,000,000 principal amount has been drawn for redemption at its principal amount on the next interest payment due being 6th February, 1989 when interest on the drawn Notes will cease to accrue. Principal amount outstanding after such redemption will be US \$77,000,000. The serial numbers of the Notes drawn for redemption are as follows: 2 188 391 581 742 987 1234 1505 1798 2003 10 214 399 592 744 988 1242 1509 1805 2005 15 229 405 593 745 1006 1270 1515 1807 2008 16 235 408 598 750 1010 1273 1508 1839 2010 21 240 411 601 777 1013 1285 1568 1845 2032 25 232 415 603 802 1037 1285 1569 1854 2035 31 253 414 609 804 1043 1291 1582 1874 2039 54 256 419 611 823 1054 1319 1652 1875 2049 56 256 421 620 826 1112 1342 1646 1876 2054 74 262 453 622 861 1117 1362 1667 1904 2071 84 267 465 623 881 1132 1371 1716 1929 2096 86 273 466 632 888 1140 1401 1720 1938 2097 122 275 483 638 1143 1414 1737 1951 2108 129 282 490 651 898 1163 1416 1743 1954 2111 135 285 496 653 908 1164 1417 1746 1958 2114 138 291 497 665 913 1182 1420 1751 1961 2117 139 292 498 669 920 1184 1424 1752 1971 2129 157 316 504 675 926 1190 1426 1759 1972 2141 165 318 518 691 927 1195 1430 1761 1980 2146 184 327 545 693 945 1195 1442 1779 1992 2147 185 356 547 699 948 1231 1444 1785 1995 2154 186 362 573 737 975 1253 1449 1799 2000 2168. Interest of the principal will be made upon presentation of the Notes with all unattached coupons attached, at the offices of any one of the Paying Agents mentioned hereon. Accrued interest due on 6th February, 1989 will be paid against presentation of Coupon no. 3 on or after 6th February, 1989. All drawn Notes for the August, 1988 partial redemption have been presented for payment. BANK OF MONTREAL PRINCIPAL PAYING AGENT LONDON 30th December, 1988

BUSINESS AND EDUCATION The Financial Times proposes to publish this survey on 1st February 1989. For a full editorial synopsis and advertisement details, please contact: Penny Scott at 01-248 6000 ext 3389 or write to her at: Bracken House 10 Cannon Street EC4A 3DF LONDON. FINANCIAL TIMES Europe's business network.

The Prudential Insurance Company of America U.S. \$500,000,000 Collateralized Mortgage Obligations Series 1986-1. For the period 28th December, 1988 to 25th January, 1989 the Bonds will carry an interest rate of 10.0125% per annum with an interest amount of U.S. \$210.38 per U.S. \$50,000 (the original Principal Amount) Bond, payable on 25th January, 1989. The Principal Amount of the Bonds outstanding is expected to be \$4,029,210% the original Principal Amount of the Bonds, or U.S. \$27,014.60 per Bond until the Twenty Fifth Payment Date. Bankers Trust Company, London Agent Bank.

FIDELITY FRONTIER FUND Société d'Investissement à Capital Variable Luxembourg, 13 Boulevard de la Foire R.C. Luxembourg B 20484. DIVIDEND NOTICE. At the Annual General Meeting held on December 23, 1988 it was decided to pay a dividend of US\$2.40 (one cent) per share on or after January 25, 1989 to shareholders of record on January 5, 1989 and to holders of bearer shares upon presentation of coupon No. 1. Paying Agents: FIDELITY INTERNATIONAL (C.I.) LIMITED. 81 Heller, Jersey, Channel Islands. KREDEITBANK S.A. Luxembourg 43, boulevard Royal L - 1000 LUXEMBOURG.

Banco Nacional do Desenvolvimento Economico U.S.\$50,000,000 Floating Rate Notes 1989. Notice is hereby given pursuant to the Terms and Conditions of the Notes that for the three months from 30th December 1988 to 31st March 1989 the Notes will carry an interest rate of 9 3/4% per annum. On 31st March 1989 interest of U.S.\$244.88 due per U.S.\$10,000 Note and U.S.\$244.88 due per U.S.\$10,000 Note for Coupon No. 39. EBC Amro Bank Limited (Agent Bank) 30th December 1988.

INTERNATIONAL RESIDENTIAL PROPERTY Advertising Appears in the Weekend FT every Saturday For further details please contact CLIVE BOOTH Tel (01)248 5294 Fax (01)248 4801. REPUBLIC OF ITALY Ecu 300,000,000 Floating Rate Notes due 1992. In accordance with the terms and conditions of the Notes, notice is hereby given that for the 3 months period from 30th December, 1988 to 30th March, 1989 the Notes will carry an interest of 8 1/4% per annum (margin included). The relevant interest payment date will be March 30, 1989 and the coupon amount per Ecu 10,000 nominal will be Ecu 308.25 and per Ecu 100,000 nominal will be Ecu 3,082.50. BANQUE GENERALE DE LUXEMBOURG S.A. Agent Bank.

U.S. \$500,000,000 CITICORP (Incorporated in Delaware) Subordinated Floating Rate Notes Due January 30, 1998. Notice is hereby given that the Rate of Interest has been fixed at 9.7% and that the interest payable on the relevant Interest Payment Date January 31, 1989 against Coupon No. 36 in respect of US\$1,000 nominal of the Notes will be US\$66.22. December 30, 1988. London. By: Citicorp, N.A. (C.S.S.) Ltd., Agent Bank. CITIBANK

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

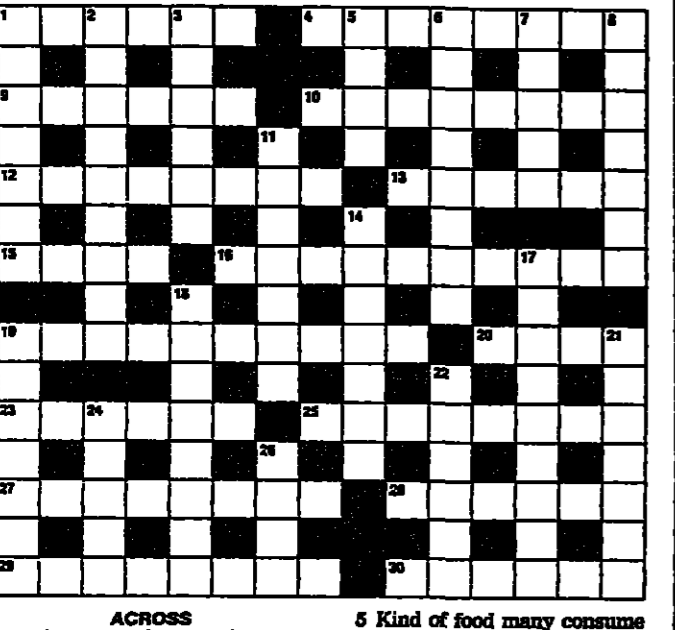
AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Abbey Fund, Abbey Growth, etc., with columns for Name, Type, and Price.

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CROSSWORD No.6,822 Set by VIXEN



- ACROSS
1 Arranges about parking for games (6)
2 Like general quiet when taking a nap (6)
3 A sleep requirement for converting foreign currency (6)
4 Name characters qualified and prepared to make concessions (8)
5 Kind of food many consume (6)
6 Left as a result of ungenerous arrogance (4-4)
7 Coloured bottle-opener for example that is to be sent back (5)
8 Poss (5)
9 Irishman accepting a pound - one pound out of a grand (8)
10 Refused about a quarter rent (7)
11 Foul act involving university men (7)
12 Anger with manufacturers of certain clothing (9)
13 Frankly square (8)
14 Hero's love of heel backing Communist (7)
15 Design housing for sound equipment and wins (7)
16 Hard as ever in the Kent area (6)
17 Fruit left - it's very decorative (5)
18 Some got too deeply into debt to suit this man (4)
19 Solution to Puzzle No.6,821

Table listing various unit trusts such as Abbey Unit Trust, Abbey Fund, Abbey Growth, etc., with columns for Name, Type, and Price.

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GUIDE TO UNIT TRUST PRICING
UNIT TRUST PRICING
This section explains how unit trust prices are calculated, including details on bid and offer prices, and how to interpret the data in the tables.

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

سكنا من الاجل

Main table containing unit trust information with columns for Name, Price, and other details. Includes sections for 'INSURANCES' and 'OTHER UK UNIT TRUSTS'.

OTHER UK UNIT TRUSTS

Table listing other UK unit trusts with columns for Name, Price, and other details.

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

Main table containing unit trust information with columns for Name, Price, Yield, and other financial metrics. Includes sections for National Mutual Life, National Provident Institutions, Norwich Union Asset Management Ltd, and various international and offshore trusts.

ION RECOGNISED

Table listing Ion-recognized unit trusts with columns for Name, Price, and Yield.

BERMUDA RECOGNISED

Table listing Bermuda-recognized unit trusts with columns for Name, Price, and Yield.

OFFSHORE INSURANCES

Table listing offshore insurance unit trusts with columns for Name, Price, and Yield.

JERSEY RECOGNISED

Table listing Jersey-recognized unit trusts with columns for Name, Price, and Yield.

OFFSHORE AND OVERSEAS

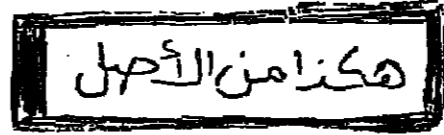
MANAGEMENT SERVICES

DAVID M. AGNES (Pensions) Fm. Plan. Ltd

Table listing management services with columns for Name, Price, and Yield.

GUERNSEY RECOGNISED

Table listing Guernsey-recognized unit trusts with columns for Name, Price, and Yield.



FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, Price, and Yield.

Table of LONDON SHARE SERVICE, including sections for BRITISH FUNDS, FOREIGN BONDS & RAILS, AMERICANS, INT. BANK AND O'SEAS GOVT STERLING ISSUES, CORPORATION LOANS, COMMONWEALTH & AFRICAN LOANS, and LOANS.

Table of Money Market Trust Funds, listing various trust funds with columns for Name, Price, and Yield.

Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128

LONDON SHARE SERVICE

AMERICANS - Contd

Table listing American companies such as 3M, Amgen, and others with their share prices and changes.

CANADIANS

Table listing Canadian companies such as Alcan, Inco, and others with their share prices and changes.

BANKS, HP & LEASING

Table listing financial institutions and leasing companies such as Bank of Montreal and others.

BEERS, WINES & SPIRITS

Table listing beverage companies such as Carlsberg, Heineken, and others.

BUILDING, TIMBER, ROADS

Table listing construction and infrastructure companies such as Bovis Lend Lease and others.

CHEMICALS, PLASTICS

Table listing chemical and plastic companies such as ICI and others.

DRAPERY AND STORES

Table listing retail and drapery companies such as Debenhams and others.

BUILDING, TIMBER, ROADS

Table listing construction and infrastructure companies, similar to the first table in this section.

ELECTRICALS

Table listing electrical engineering companies such as Balfour Beatty and others.

ENGINEERING - Contd

Table listing engineering companies such as GEC and others.

ENGINEERING

Table listing engineering companies, similar to the second table in this section.

ENGINEERING - Contd

Table listing engineering companies, similar to the second table in this section.

FOOD, GROCERIES, ETC

Table listing food and grocery companies such as Unilever and others.

HOTELS AND CATERERS

Table listing hotel and catering companies such as Whitbread and others.

INDUSTRIALS (Misc.) - Contd

Table listing various industrial companies such as British Steel and others.

INDUSTRIALS (Misc.) - Contd

Table listing various industrial companies, similar to the first table in this section.

INDUSTRIALS (Misc.)

Table listing various industrial companies, similar to the second table in this section.

INDUSTRIALS (Misc.) - Contd

Table listing various industrial companies, similar to the first table in this section.

INSURANCES

Table listing insurance companies such as Prudential and others.

LEISURE

Table listing leisure and entertainment companies such as British Skyways and others.

LONDON SHARE SERVICE

Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-625-2125

LEISURE - Contd

Table listing leisure companies such as British Skyways, British Airways, and others with their share prices and financial metrics.

PROPERTY

Table listing property companies like British Land, Granada, and others with their share prices and financial metrics.

TEXTILES - Contd

Table listing textile companies such as British Textiles, J. H. Rayner, and others with their share prices and financial metrics.

TRUSTS, FINANCE, LAND - Contd

Table listing trusts, finance, and land companies like British Trustee, British Finance, and others with their share prices and financial metrics.

OIL AND GAS - Contd

Table listing oil and gas companies such as British Petroleum, Shell, and others with their share prices and financial metrics.

MINES - Contd

Table listing mining companies like British Coal, Anglo American, and others with their share prices and financial metrics.

MOTORS, AIRCRAFT TRADES

Table listing motor and aircraft trade companies such as British Leyland, British Aerospace, and others with their share prices and financial metrics.

TOBACCO

Table listing tobacco companies like British American Tobacco with their share prices and financial metrics.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land companies like British Trustee, British Finance, and others with their share prices and financial metrics.

OVERSEAS TRADERS

Table listing overseas trading companies such as British Overseas Airways, British Overseas Airways, and others with their share prices and financial metrics.

PLANTATIONS

Table listing plantation companies like British Plantations with their share prices and financial metrics.

MISCELLANEOUS

Table listing miscellaneous companies such as British Airways, British Airways, and others with their share prices and financial metrics.

COMMERCIAL VEHICLES

Table listing commercial vehicle companies like British Leyland with their share prices and financial metrics.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land companies like British Trustee, British Finance, and others with their share prices and financial metrics.

FINANCE, LAND, ETC

Table listing finance, land, and other companies like British Finance, British Land, and others with their share prices and financial metrics.

MINES

Table listing mining companies like British Coal, Anglo American, and others with their share prices and financial metrics.

PLANTATIONS

Table listing plantation companies like British Plantations with their share prices and financial metrics.

THIRD MARKET

Table listing third market companies such as British Airways, British Airways, and others with their share prices and financial metrics.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publishing companies like British Newspapers, British Publishers, and others with their share prices and financial metrics.

SHIPPING

Table listing shipping companies such as British Shipping, British Shipping, and others with their share prices and financial metrics.

SHOES AND LEATHER

Table listing shoes and leather companies like British Shoes, British Leather, and others with their share prices and financial metrics.

OIL AND GAS

Table listing oil and gas companies such as British Petroleum, Shell, and others with their share prices and financial metrics.

FINANCE

Table listing finance companies like British Finance, British Finance, and others with their share prices and financial metrics.

REGIONAL & IRISH STOCKS

Table listing regional and Irish stocks such as British Regional, British Irish, and others with their share prices and financial metrics.

PAPER, PRINTING, ADVERTISING

Table listing paper, printing, and advertising companies like British Paper, British Printing, and others with their share prices and financial metrics.

SOUTH AFRICANS

Table listing South African companies such as British South Africa, British South Africa, and others with their share prices and financial metrics.

TEXTILES

Table listing textile companies like British Textiles, British Textiles, and others with their share prices and financial metrics.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land companies like British Trustee, British Finance, and others with their share prices and financial metrics.

OVERSEAS TRADERS

Table listing overseas trading companies such as British Overseas Airways, British Overseas Airways, and others with their share prices and financial metrics.

TRADITIONAL OPTIONS

Table listing traditional options companies like British Options, British Options, and others with their share prices and financial metrics.

This service is available to every Company dealt in on the Stock Exchange through the British Booklet for a fee of £200 per annum for each security.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Trade moribund at year-end

THE DOLLAR lacked direction yesterday, closing in Europe little changed on the day. Trading was very thin.

Tokyo tried to get the market off to a lively start, pushing the dollar higher up and then taking profits, but Europe was not in the mood to keep the pot boiling and New York took a similar view.

Underlying sentiment suggested a short term rise by the dollar, but in such a thin market the West German Bundesbank was able to show its displeasure at any further advance, by selling \$131m in Frankfurt when the dollar was fixed at DM1.7855, compared with DM1.7883 on Wednesday.

The dollar touched a peak of DM1.7940, but the Bundesbank's intervention was enough to prevent any change of an attack on the DM1.80 level.

It fell back to close at DM1.7880, compared with DM1.7885 on Wednesday. The dollar also declined to FFfr.1000 from FFfr.1075, but rose to Y128.80 from Y125.40 and to SFfr.15140 from SFfr.15120.

According to the Bank of England the dollar's exchange rate index fell to 94.7 from 95.0. Sterling was also very quiet. The pound rose 10 points to \$1.7900. It also improved to Y225.25 from Y224.50 and to

SFR2.7100 from SFR2.7075, but eased to DM3.2000 from DM3.2050 and to FFfr10.9200 from FFfr10.9350.

Sterling's exchange rate index rose 0.1 to 77.4. As from today, calculations by the Bank of England on sterling's index will include revised currency weightings, and a change in the base date to 1985 from 1975.

The most significant change will be a fall in the dollar's weighting to about 20.4 p.c. from 24.6 p.c., and a rise in the currencies of the European Community to 55.6 p.c. from 47.5 p.c. This will include a weighting to 20 p.c. for the D-Mark, compared with 14.1 p.c. previously.

The Malaysian ringgit was under pressure, and received from the central bank in Kuala Lumpur.

The US dollar was quoted at around MR2.7115 following central bank sales of around \$20m, after it rose to a record high of MR2.7175 at Wednesday's close.

The Israeli shekel was the subject of further rumours yesterday, following a 5 p.c. devaluation on Tuesday.

The Bank of Israel denied it is about to temporarily return the shekel to its former value of \$1.60 to avoid increasing companies' liabilities on end of year balance sheets.

The central bank has threatened to devalue the shekel again, if the public continues to buy dollars on a large scale. On Wednesday public purchases of dollars were estimated to be around \$90m, despite the devaluation.

In an attempt to stop speculation against the shekel the Bank of Israel raised short term interest rates to 48 p.c. yesterday, at its weekly money tender to commercial banks.

Before Tuesday's devaluation - which was forced on the authorities by speculative pressure - it had been suggested the shekel would be devalued by about 15 p.c. in early January.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns for Country, Unit, and Rate. Includes Belgium, France, Germany, Italy, Netherlands, Spain, UK, and others.

Changes are for C.U. therefore possible change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Table showing spot and forward rates for various currencies against the pound, including US, Canada, Australia, NZ, etc.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Table showing spot and forward rates for various currencies against the dollar, including UK, France, Germany, Italy, etc.

EURO-CURRENCY INTEREST RATES

Table showing interest rates for various currencies and terms, including Sterling, US Dollar, etc.

EXCHANGE CROSS RATES

Table showing cross rates between various currencies, including DM, S, DM, etc.

FINANCIAL FUTURES

Gilts to have a half-day

STERLING DENOMINATED contracts continued to weaken in very thin trading on Life yesterday. A steady performance by the pound on the foreign exchanges provided some support, but in the absence of other factors the market viewed pessimistically the prospects for any early reduction in the level of UK bank base rates.

Short sterling for March delivery closed at the day's low of 87.05, after opening near the day's high at 87.17. Wednesday's close was 87.20.

March long gilt futures also weakened, finishing just above the day's low at 95.16, compared with 95.22 previously.

Trading in the long, medium and short gilt futures, and long gilt option contracts will be for a shorter period than usual today, although members of Life will still be able to exercise long gilt options contracts up to the normal time of 5 pm.

Gilt-edged market makers in the cash market have obtained permission from the Bank of England to end trading for the day at noon. Trading in gilts on Life will also finish at noon.

Estimated volume total, Cills 230 Pts 130. Previous day's open: Cills 230 Pts 130.

Estimated volume total, Cills 100 Pts 200. Previous day's open: Cills 100 Pts 200.

Estimated volume total, Cills 600 Pts 420. Previous day's open: Cills 600 Pts 420.

Estimated volume total, Cills 212 Pts 150. Previous day's open: Cills 212 Pts 150.

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£ IN NEW YORK

Table showing exchange rates for £ in New York, including Dec 29, Last, and Previous.

STERLING INDEX

Table showing Sterling Index values for Dec 29, Last, and Previous.

CURRENCY RATES

Table showing currency rates for various countries, including Dec 29, Bank, and Previous.

CURRENCY MOVEMENTS

Table showing currency movements for various currencies, including Dec 29, Bank, and Previous.

OTHER CURRENCIES

Table showing other currencies and their rates, including Dec 29, Bank, and Previous.

MONEY MARKETS

US rates firm

INTEREST RATES remained very firm in New York yesterday. The Fed's 8 1/2% reserve added temporary reserves to the banking system, via five-day system repurchase agreements, when Federal funds were trading at 9 1/4%.

This followed forecasts in the market that there was a very large credit shortage of around \$5m to \$7m, and that tight credit conditions will continue over the year-end.

US Trust Co of New York announced a rise in its broker

ary 3, at a rate of 12 1/2 p.c. In the afternoon \$23m bills were purchased, including \$21m outright, by way of \$25m local authority bills in hand 1 at 12 1/2 p.c., and \$12m Treasury bills in hand 4 at 12 1/2 p.c. Another \$3m bills were bought for resale to the market on January 2, at a rate of 12 1/2 p.c. Late assistance of around \$10m was also provided.

Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills drained \$59m, with Exchequer transactions absorbing \$40m, and a rise in the note circulation \$15m.

These factors outweighed bank balances above target, adding \$15m to liquidity.

In Frankfurt call money fell to 5.00-5.25 p.c. from 5.45-5.55 p.c. The return to the banking system of last week's pension payments, and an end of year inflow of corporate funds, helped improve liquidity.

Some banks were reported to have already fulfilled their monthly reserve requirements, and were offering funds on the market yesterday.

Credit conditions could tighten today however, as a result of recent action by the Bundesbank on the foreign exchanges, taking D-Marks into its own account and selling dollars.

FT LONDON INTERBANK FIXING

Table showing FT London Interbank Fixing rates for 3 and 6 months US dollars.

MONEY RATES

Table showing money rates for New York, including Treasury Bills and Bonds.

LONDON MONEY RATES

Table showing London Money Rates for various currencies and terms.

Treasury Bills (sell): one-month 12 1/2 p.c.; three-month 12 1/2 p.c.; six-month 12 1/2 p.c. Bank Bills (sell): one-month 12 1/2 p.c.; three-month 12 1/2 p.c.; six-month 12 1/2 p.c.

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FINANCIAL TIMES FRIDAY DECEMBER 30 1988

EUROPEAN OPTIONS EXCHANGE

Table showing European Options Exchange data for various series and dates.

Table showing Total Volume in Contracts for various series and dates.

BASE LENDING RATES

Table showing base lending rates for various banks and currencies.

Wells Fargo & Company advertisement for U.S. \$150,000 Floating Rate Subordinated Notes due 1992.

Wells Fargo & Company advertisement for U.S. \$200,000 Floating Rate Subordinated Notes due 2000.

The Kingdom of Belgium advertisement for Floating Rate Notes Due July, 2005.

ELECTRICITY advertisement for The Financial Times proposes to publish this survey on: 23rd January 1989.

CONTINENTAL ILLINOIS OVERSEAS FINANCE CORPORATION N.V. advertisement for Guaranteed Floating Rate Subordinated Notes Due 1994.

CREDIOP advertisement for U.S. \$150,000 Floating Rate Participation Notes Due 1993.

WORLD STOCK MARKETS

هكازمن الاجل

Table of stock market data for various regions including America, France, Germany, Italy, and Japan. Columns include stock names, prices, and changes.

Table of stock market data for Canada, listing various Canadian stocks and their performance.

Table of stock market indices for New York, Dow Jones, and other major indices, showing values and trends.

Table of stock market data for Japan, listing various Japanese stocks and their performance.

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2pm prices December 29

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table containing stock prices for various companies, organized in columns with stock symbols, bid/ask prices, and volume.

Continued on Page 27

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NYSE COMPOSITE PRICES

Continued from previous page

12 Month High	Low	Stock	Div. Yield	Volume	Change	Open	High	Low	Close
174	115	Bozell	2.00	10	-1.00	115	115	115	115
175	120	Boston	1.50	20	0.50	120	120	120	120
176	125	Boston	1.50	20	0.50	125	125	125	125
177	130	Boston	1.50	20	0.50	130	130	130	130
178	135	Boston	1.50	20	0.50	135	135	135	135
179	140	Boston	1.50	20	0.50	140	140	140	140
180	145	Boston	1.50	20	0.50	145	145	145	145
181	150	Boston	1.50	20	0.50	150	150	150	150
182	155	Boston	1.50	20	0.50	155	155	155	155
183	160	Boston	1.50	20	0.50	160	160	160	160
184	165	Boston	1.50	20	0.50	165	165	165	165
185	170	Boston	1.50	20	0.50	170	170	170	170
186	175	Boston	1.50	20	0.50	175	175	175	175
187	180	Boston	1.50	20	0.50	180	180	180	180
188	185	Boston	1.50	20	0.50	185	185	185	185
189	190	Boston	1.50	20	0.50	190	190	190	190
190	195	Boston	1.50	20	0.50	195	195	195	195
191	200	Boston	1.50	20	0.50	200	200	200	200
192	205	Boston	1.50	20	0.50	205	205	205	205
193	210	Boston	1.50	20	0.50	210	210	210	210
194	215	Boston	1.50	20	0.50	215	215	215	215
195	220	Boston	1.50	20	0.50	220	220	220	220
196	225	Boston	1.50	20	0.50	225	225	225	225
197	230	Boston	1.50	20	0.50	230	230	230	230
198	235	Boston	1.50	20	0.50	235	235	235	235
199	240	Boston	1.50	20	0.50	240	240	240	240
200	245	Boston	1.50	20	0.50	245	245	245	245

Some figures are unofficial. Yearly high and low reflect the previous 52 weeks plus the current week, but not the latest trading of more than 10 days. The year's high-only range and dividend are shown for reference only. Dividend data are based on the latest declaration. Annual dividend rate is shown for companies with a declared rate. Dividend yield is calculated as the annual dividend rate divided by the current price. Dividend yield is calculated as the annual dividend rate divided by the current price. Dividend yield is calculated as the annual dividend rate divided by the current price.

OVER-THE-COUNTER

12 Month High	Low	Stock	Div. Yield	Volume	Change	Open	High	Low	Close
174	115	Bozell	2.00	10	-1.00	115	115	115	115
175	120	Boston	1.50	20	0.50	120	120	120	120
176	125	Boston	1.50	20	0.50	125	125	125	125
177	130	Boston	1.50	20	0.50	130	130	130	130
178	135	Boston	1.50	20	0.50	135	135	135	135
179	140	Boston	1.50	20	0.50	140	140	140	140
180	145	Boston	1.50	20	0.50	145	145	145	145
181	150	Boston	1.50	20	0.50	150	150	150	150
182	155	Boston	1.50	20	0.50	155	155	155	155
183	160	Boston	1.50	20	0.50	160	160	160	160
184	165	Boston	1.50	20	0.50	165	165	165	165
185	170	Boston	1.50	20	0.50	170	170	170	170
186	175	Boston	1.50	20	0.50	175	175	175	175
187	180	Boston	1.50	20	0.50	180	180	180	180
188	185	Boston	1.50	20	0.50	185	185	185	185
189	190	Boston	1.50	20	0.50	190	190	190	190
190	195	Boston	1.50	20	0.50	195	195	195	195
191	200	Boston	1.50	20	0.50	200	200	200	200
192	205	Boston	1.50	20	0.50	205	205	205	205
193	210	Boston	1.50	20	0.50	210	210	210	210
194	215	Boston	1.50	20	0.50	215	215	215	215
195	220	Boston	1.50	20	0.50	220	220	220	220
196	225	Boston	1.50	20	0.50	225	225	225	225
197	230	Boston	1.50	20	0.50	230	230	230	230
198	235	Boston	1.50	20	0.50	235	235	235	235
199	240	Boston	1.50	20	0.50	240	240	240	240
200	245	Boston	1.50	20	0.50	245	245	245	245

AMEX COMPOSITE PRICES

3pm prices December 29

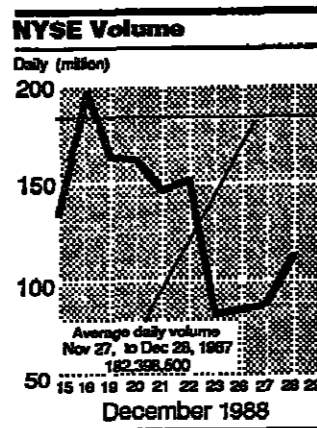
12 Month High	Low	Stock	Div. Yield	Volume	Change	Open	High	Low	Close
174	115	Bozell	2.00	10	-1.00	115	115	115	115
175	120	Boston	1.50	20	0.50	120	120	120	120
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177	130	Boston	1.50	20	0.50	130	130	130	130
178	135	Boston	1.50	20	0.50	135	135	135	135
179	140	Boston	1.50	20	0.50	140	140	140	140
180	145	Boston	1.50	20	0.50	145	145	145	145
181	150	Boston	1.50	20	0.50	150	150	150	150
182	155	Boston	1.50	20	0.50	155	155	155	155
183	160	Boston	1.50	20	0.50	160	160	160	160
184	165	Boston	1.50	20	0.50	165	165	165	165
185	170	Boston	1.50	20	0.50	170	170	170	170
186	175	Boston	1.50	20	0.50	175	175	175	175
187	180	Boston	1.50	20	0.50	180	180	180	180
188	185	Boston	1.50	20	0.50	185	185	185	185
189	190	Boston	1.50	20	0.50	190	190	190	190
190	195	Boston	1.50	20	0.50	195	195	195	195
191	200	Boston	1.50	20	0.50	200	200	200	200
192	205	Boston	1.50	20	0.50	205	205	205	205
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197	230	Boston	1.50	20	0.50	230	230	230	230
198	235	Boston	1.50	20	0.50	235	235	235	235
199	240	Boston	1.50	20	0.50	240	240	240	240
200	245	Boston	1.50	20	0.50	245	245	245	245

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FINANCIAL TIMES

AMERICA

Dow makes a brief foray above its post-crash high

A RUSH by money managers to cut the cash component of their portfolios and increase their exposure to the stock market was one factor that pushed the equity market briefly above its previous post-crash high, writes Janet Bush in New York.



This is a usual phenomenon. Portfolio managers prefer to show that they have put their clients' money to work in the financial markets rather than simply sitting on a pile of cash, the most cautious investment position to be in.

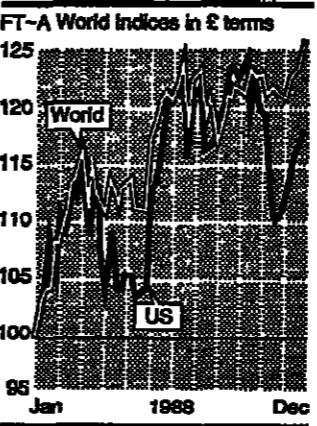
There were various encouraging factors for the market yesterday. First, the dollar and US Treasury bonds looked relatively firm at the opening. Second, trading during this holiday period has been so thin that the effect of rounds of stock index arbitrage between the futures and cash markets has been exaggerated.

Gorby Rally is star of cheerless US show

There was not much fun in a difficult year on Wall Street, writes Janet Bush

IT IS a measure of how difficult and dull a year it has been for Wall Street that the highlight was the share rally that exploded as Mr Mikhail Gorbachev, the Soviet leader, stepped off his plane at John F Kennedy Airport at the start of his tour of New York earlier this month.

As much as 40 per cent in brokerages, which relied almost exclusively on a retail customer base. Did anything fun happen this year? Yes, I went on holiday to Russia.



market comment. The reason cited was that one day its commentary noted that stocks had risen because the economy was growing strongly.

chief executive, and Mossa Henry Kravis and George Roberts will be writ large. The Roberts have been 1988's money-spinners, sucking in pools of liquidity and piling up mountains of junk debt.

EUROPE

Special situation stocks buoy Paris

THE LAST day of trading this year for several European bourses ended with little change in their volumes. Positive economic fundamentals helped Amsterdam reach another high for 1988 and Paris saw the return of special situation trading.

had increased to 5 per cent his stakes in Galeries Lafayette - up FF20 at FF7605 - and BHV up FF1.50 at FF493.60 after profit-taking set in.

At mid-session the FAZ index was 0.24 easier at 548.86 and by the close the DAX index was down 5.9 at 1,327.8 on turnover worth DM1.7tn.

942.4, leaving it just below its high for the year of 943.8, reached in early November. BRUSSELS closed firmer as investors pushed shares higher in order to maximise year-end portfolio values.

Profit-taking dominates in light turnover

PROFIT-TAKING after recent gains and the absence of a lead from overseas left the Asia Pacific markets easier in light trading.

before it goes ex-dividend today. ANZ rose 4 cents to A\$5.48 while National Australia fell 4 cents to A\$3.22.

reimposition of a capital gains tax - scheduled for the new year - added to the gloom. The weighted index closed 283.85 lower at 5,119.11.

service sector, while the second will use the stock price average of 20 industrials, excluding the service sector. It is believed the new indices are being introduced to counter complaints that the existing weighted index does not reflect the market's true performance.

Table titled 'IFC EMERGING MARKETS INDICES' showing market performance for Latin America, Asia, and other regions with columns for market, no. of stocks, price, and total return.

FT-ACTUARIES WORLD INDICES

Large table titled 'FT-ACTUARIES WORLD INDICES' showing regional and national market indices for various countries like Australia, Canada, France, Germany, etc., with columns for index, change, and year ago.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRS) IN RYOBI LIMITED. EDR holders are informed that Ryobi Limited has paid a dividend to holders of record 30th September 1988.

NZI CAPITAL CORPORATION. YEN 10,000,000.00. Guaranteed Floating Rate Notes due 1992. In accordance with the description of the Notes, notice is hereby given that, for the interest period December 29, 1988 to June 29, 1989, the Notes will carry an interest rate of 5.1% p.a.

ADAM COMMERCIAL INDUSTRY LIMITED. Bearer Depositary Receipt issued by Morgan Guaranty Trust Company of New York. A distribution of \$ 8,481 per depositary share will be payable on and after December 29, 1988.

LEUNG INTERNATIONAL INVESTMENTS N.V. \$75 MILLION GUARANTEED FLOATING RATE NOTES DATED AND DUE 1999. The interest rate applicable to the above Notes in respect of the six month period commencing 30th December 1988 has been fixed at 9.00% per annum.

COMPANY NOTICES. OFFSHORE MANAGED ASSETS COMPANY. GEORGINA U.S. BOUTER BICAY. GREECE FOR SALE. International Property advertisement.

LEGAL NOTICES. IN THE HIGH COURT OF JUSTICE. CHANCERY DIVISION. MR JUSTICE HOFFMANN. IN THE MATTER OF THE COMPANIES ACT 1985.

PUBLIC NOTICES. NOTICE OF APPOINTMENT OF LIQUIDATOR. PURSUANT TO SECTION 109 OF THE COMPANIES ACT 1985. NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 12th December 1988 confirming the constitution of the Share Purchase Account of the above-named Company as at 31st October 1988 amounting to £27,228,178.18 is registered with the Registrar of Companies on 10th December 1988.